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# MINUTES REGULAR MEETING BUDGET COMMITTEE // BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

DOCUMENTS DEPT

AUG 27 1995 SAN FRANCISCO PUBLIC LIBRARY

WEDNESDAY, NOVEMBER 1, 1995 – 1:00 P.M. ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:06 P.M.

#### CONSENT CALENDAR

- 1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item:
  - a) File 28-95-20. [Emergency Repair, 66-Inch Force Main-Owens Street]
    Resolution authorizing the Director of the Department of Public Works
    to take necessary measures to protect the health, welfare and property
    of the citizens of San Francisco by performing the necessary work to
    repair damaged 66-inch force main in Owens Street between Channel
    Street and Sixteenth Street. (Department of Public Works)
  - b) File 28-95-21. [Emergency Repair, Franklin Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Franklin Street between Green Street and Vallejo Street \$274,000. (Department of Public Works)
  - c) File 28-95-22. [Emergency Repair, McAllister Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in McAllister Street between Hyde Street and Larkin Street \$184,850. (Department of Public Works) Referred to Budget Committee.

- d) File 28-95-23. [Emergency Repair, Taraval/Dewey Rotary Sewer]
  Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in the Taraval Street/Dewey Boulevard Rotary \$46,410. (Department of Public Works)
- e) File 28-95-24. [Emergency Repair Work, Clipper Street Sewer]
  Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Clipper Street between Douglass Street and Grand View Avenue \$189,850. (Department of Public Works)
- f) File 28-95-25. [Emergency Repair, Folsom/Fourth Streets Sewer]
  Resolution authorizing the Director of the Department of Public Works
  to take necessary measures to protect the health, welfare and property
  of the citizens of San Francisco by performing the necessary work to
  replace structurally inadequate sewer in Folsom and Fourth Streets \$444,000. (Department of Public Works)

ACTION: ITEMS (b), (c), (e) and (f) REMOVED FROM CONSENT CALENDAR. ITEMS (a) and (d) RECOMMENDED.

VOTE: 3-0.

ITEMS (b), (c), (e) and (f). HEARING HELD. CONSIDERATION CONTINUNED TO NOVEMBER 29, 1995, MEETING.

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Norman Chin, Project Manager, Department of Public Works. IN SUPPORT: None. OPPOSED: None.

VOTE: 3-0.

### REGULAR CALENDAR

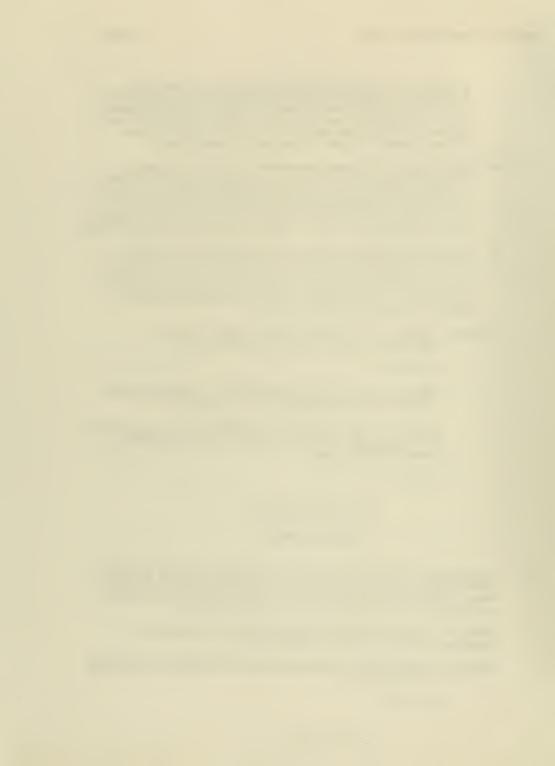
#### PUBLIC HEARING

2. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

SPEAKER: Fred Furlong, Vice President, Federal Reserve Bank, San Francisco. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 8, 1995, MEETING.

VOTE: 3-0.



#### **GENERAL ITEMS**

3. File 170-95-10. [Equipment Lease - Bonds] Ordinance providing for the approval and execution and delivery by officers of the City and County of San Francisco of an Equipment Lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said Lessor and Lessee; providing for reimbursment to the City of certain City expenditures prior to the issuance of Lease Revenue Bonds and approving the issuance of Lease Revenue Bonds by said nonprofit corporation; and providing that said bonds shall be subject to the certification of the Controller of the City and County of San Francisco prior to the sale of said bonds; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Chief Administrative Officer)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 15, 1995,

MEETING.

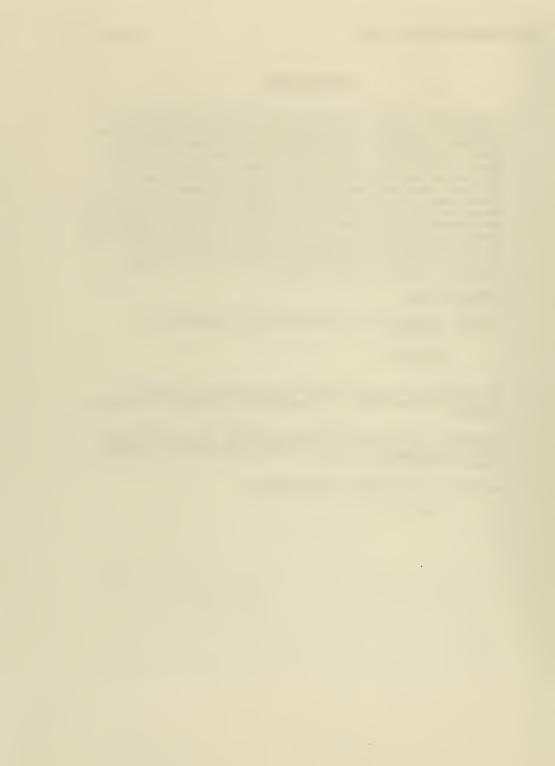
VOTE: 3-0.

 File 47-95-11. [New Parking Rates, Pierce Street Garage] Resolution approving new rates at the Pierce Street Garage. (Department of Parking and Traffic)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Kevin Haggerty, Department of Parking and Traffic. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.



#### FISCAL ITEM

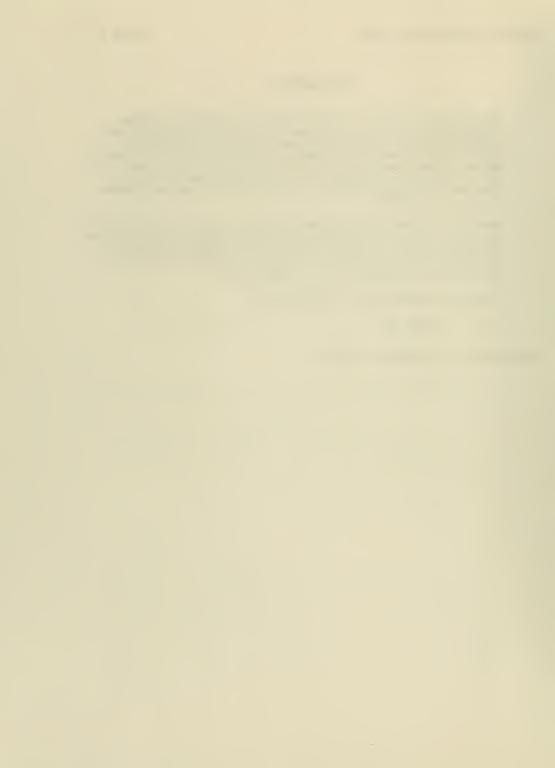
5. File 101-95-26. [Appropriation, Public Library] Ordinance appropriating \$4,313,350 of Library Preservation Funds, \$3,151,350 from the fund balance and \$1,162,000 from rescinding equipment, for salaries, mandatory fringe benefits, training, equipment maintenance, professional services, materials and supplies, equipment and services of other departments to allow the Public Library to purchase automation and telecommunications equipment and to complete the cataloging and inventory of collections for fiscal year 1995-96. (Controller) RO #95080

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ken Dowlin, City Librarian; Teresa Serata, Budget Director, Office of the Mayor; Stephanie Carlisle, Debt Manager, Chief Administrative Office; John Madden, Assistant Controller. NO POSITION STATED: John Erlich; Steve Kolper. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

TIME MEETING ADJOURNED: 3:06 P.M.



Public Library, Documents Dept.

Attn: Kate Wingerson

CITY AND COUNTY



OF SAN FRANCISCO

# BOARD OF SUPERVISORS

#### **BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

October 27, 1995

TO:

**Budget Committee** 

FROM:

Budget Analyst Reconsord

SUBJECT: (November 1, 1995 Budget Committee Meeting

DOCUMENTS DEPT.

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Items 1a and 1d, - Files 28,95-20 and 28-95-23

Department:

Department of Public Works (DPW)

Items:

Item 1a, File 28-95-20 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to repair a damaged 66-inch Force Main (transports sewage) on Owens Street between Channel Street and Sixteenth Street.

Item 1d, File 28-95-23 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on the Taraval Street

- Dewey Boulevard Rotary.

Amounts:

\$100,000 File 28-95-20 46,420 File 28-95-23

\$146,420

Memo to Budget Committee November 1, 1995 Budget Committee Meeting

Source of Funds:

Repair and Replacement Fund - financed by Sewer Service

Charges

**Description:** 

This request would authorize the DPW to take the necessary steps to award contracts for emergency sewer repair work at two sites, using expedited contract procedures, pursuant to Section 6.30 of the Administrative Code. Such Contracts have a total estimated cost of \$146,420.

Item 1a, File 28-95-20 - The DPW reports that, on September 22,1995, the Department declared a Class "A" emergency in connection with a leak that had developed in a 66" force main, which transports sewage to the Southeast Water Pollution Control Plant. A Class "A" emergency is an emergency which threatens the immediate health, welfare and property of citizens and must be repaired without delay. According to the DPW, the leak in the force main had allowed sewage to reach ground surface on Owens Street between Channel Street and Sixteenth Street.

Mr. Norman Chan of the DPW advises that, in accordance with Section 6.30 of the Administrative Code, the DPW awarded a contract in the amount of \$100,000 to Kulchin - Condon and Associates, Inc., without competitive bidding. Kulchin - Condon and Associates is not an MBE or WBE firm. Mr. Chan advises that the repair work commenced on September 25, 1995 and is scheduled to be completed on October 31, 1995.

Item 1d, File 28-95-23 - According to the DPW, on May 4, 1995 the BSSR notified the City Engineer that an existing 12" diameter sewer had collapsed at the Taraval Street/Dewey Boulevard Rotary. The DPW reports that on May 4, 1995, the BSSR requested an emergency contract to repair the damaged sewer. The repair work consists of replacing the damaged 12" sewer pipe with 168 feet of 15" pipe.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected McNamara & Smallman Construction, Inc., as the lowest of three responsible bidders, to perform the necessary repair work, at an estimated cost of \$46,420. McNamara & Smallman Construction is an LBE firm and is not an MBE or a WBE firm. Mr. Law advises that the repair work was completed on August 15, 1995.

Recommendation: Approve the proposed resolutions.

Memo to Budget Committee November 1, 1995 Budget Committee Meeting

Items 1b, 1c, 1e, and 1f, - Files 28-95-21, 28-95-22, 28-95-24, and 28-95-25

Department:

Department of Public Works (DPW)

Items:

Item 1b, File 28-95-21 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Franklin Street between Green Street and Vallejo Street.

Item 1c, File 28-95-22 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on McAllister Street between Hyde Street and Larkin Street.

Item 1e, File 28-95-24 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Clipper Street between Douglass Street and Grand View Avenue.

Item 1f, File 28-95-25 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Folsom and Fourth Streets.

Amounts:

\$274,000 File 28-95-21 184,850 File 28-95-22 189,850 File 28-95-24 444,000 File 28-95-25 \$1,092,700

Source of Funds:

Repair and Replacement Fund - financed by Sewer Service Charges

Description:

This request would authorize the DPW to take the necessary steps to award contracts for emergency sewer repair work at four sites, using expedited contract procedures, pursuant to Section 6.30 of the Administrative Code. Such contracts have a total estimated cost of \$1,092,700.

Item 1b, File 28-95-21 - The DPW advises that, on March 16, 1995, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing 3' x 5' brick sewer on Franklin Street had cracks and was bulging and missing bricks on the side walls in one location and had side walls that had totally collapsed in two other locations. The DPW advises that on March 16, 1995, the BSSR requested an emergency contract to repair the damaged sewer. The repair work will consist of replacing the existing 344 feet of brick sewers with 66" sewer pipe.

Mr. P. T. Law of the DPW reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Woods Construction Co., as the lowest responsible bidder of five bidders, to perform the necessary repair work, at an estimated cost of \$274,000. Woods Construction is an LBE firm and is not an MBE or a WBE firm. Mr. Law advises that the repair work is scheduled to commence November 6, 1995, and is expected to take approximately 42 calendar days for completion.

•• Item 1c, File 28-95-22 - The DPW reports that, on June 5, 1995, the BSSR notified the City Engineer that an existing 3' x 5' brick sewer on McAllister Street between Larkin and Hyde Streets was cracked and deformed in some locations and had partially collapsed in one location. The DPW advises that on June 5, 1995, the BSSR requested an emergency contract to repair the damaged sewer. The repair work will consist of replacing 490 feet of existing brick sewers with 42" sewer pipe.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Harty Pipelines, Inc., as the lowest responsible bidder of six bidders, to perform the necessary repair work, at an estimated cost of \$184,450. Harty Pipelines is an LBE firm and is not an MBE or a WBE firm. Mr. Law reports that the repair work has not yet been scheduled. According to Mr. Law, once this repair work commences, it is expected to take 30 calendar days for completion.

Item 1e, File 28-95-24 - The DPW reports that on February 24, 1995, the BSSR notified the City Engineer that the existing sewer on Clipper Street between Douglass Street and Grand View Avenue had multiple cracks and crushed sections. The DPW advises that on August 18, 1995 the BSSR requested an emergency contract to repair the sewer. The

repair work consists of replacing approximately 1,066 feet of existing sewer with 15", 18" and 21" sewer pipe.

Mr. Law advises that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Esquivel Grading and Paving, as the lowest responsible bidder of four bidders, to perform the necessary repair work, at an estimated cost of \$189,850. Esquivel Grading and Paving is an MBE firm. Mr. Law advises that the sewer repair work is currently underway, and is expected to be completed by November 30, 1995.

Item 1f, File 28-95-25 - The DPW reports that on March 1, 1995, the BSSR notified the City Engineer that the existing 3' x 5' brick sewer on Folsom Street between Mabini and 4th Streets had (1) numerous joints that required mortaring, (2) missing bricks and (3) sections which had lost structural integrity. The DPW also reports that on March 28, 1995, the BSSR notified the City Engineer that the existing 3' x 5' brick sewer on 4th Street between Clara and Perry Streets was in danger of collapse due to (1) sections which were sagging, (2) missing bricks and (3) bulging side walls. The BSSR declared an emergency in connection with these two sewers on August 30, 1995. The repair work will consist of replacing the existing brick sewers with 300 feet of 12", 15" and 21" of clay pipe and 852 feet of 42" and 48" concrete pipe.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Woods Construction, as the lowest responsible bidder of six bidders, to perform the sewer repair work, at an estimated cost of \$444,000. Woods Construction is not an MBE firm or WBE firm. Mr. Law advises that the repair work has not yet been scheduled, but is estimated to take 70 calendar days from start-up to completion.

Comments:

1. As noted above, although DPW identified sewer repair work of an emergency nature pertaining to Items 1b, 1c, 1e, and 1f, such emergencies were identified in March, June, February and March of 1995, respectively. Yet, as of the writing of this report, no work has begun on three (Items 1b, 1c, and 1f) of these four emergency projects. The emergency sewer repair work pertaining to Item 1e, was identified in February of 1995, but the BSSR did not request an emergency contract until of August of 1995. In accordance with Section 6.30 of the City's Administrative Code, when identifying such emergency contract work, DPW is not

Memo to Budget Committee November 1, 1995 Budget Committee Meeting

required to utilize formal competitive bidding procedures to award such contracts.

2. The Budget Analyst has requested that the DPW provide a written explanation as to why it was necessary for DPW to declare each of the four sewer repair work projects, described under Items 1b, 1c, 1e, and 1f, as emergency contracts and why it was necessary to use expedited contract procedures to award these contracts, without the use of formal competitive bidding procedures. Mr. Norman Chan of the DPW has requested that the proposed resolutions be continued to the Call of the Chair, in order to allow the DPW additional time to prepare the written response requested by the Budget Analyst.

Recommendation:

Continue the proposed resolutions to the Call of the Chair as requested by the DPW.

Memo to Budget Committee November 1, 1995

# Item 2 - File 100-95-12

**Note:** This item was continued by the Budget Committee at its meeting of October 25, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.



Memo to Budget Committee November 1, 1995

Item 3 - File 170-95-10

**Note:** An Amendment of the Whole has been prepared for the proposed legislation. This report reflects this Amendment of the Whole.

**Department:** Chief Administrative Officer (CAO)

Item: Ordinance (a) providing for the approval and execution and delivery by officers of the City and County of San Francisco of

delivery by officers of the City and County of San Francisco of an equipment lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said lessor and said lessee; (b) providing for reimbursement to the City of certain City expenditures prior to the issuance of lease revenue bonds and approving the issuance of lease revenue bonds by said nonprofit corporation; (c) providing that said bonds shall be subject to the certification of the Controller prior to the sale of said bonds; (d) providing for the execution of documents in connection therewith and (e) ratifying actions previously taken.

taker

Amount:

Not to exceed \$7,065,000. An Amendment of the Whole has been prepared to reflect an amount not to exceed \$7,065,000,

instead of \$6,075,000.

Description:

In June, 1990, San Francisco voters approved Proposition C, a
Charter amendment which authorized the Board of
Supervisors to authorize and approve the lease-financing of
equipment purchases for the City through a non-profit
corporation, the San Francisco Finance Corporation. The

equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease

revenue bonds.

Interest rates on lease revenue bonds issued by non-profit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations. According to the Controller, the other major financing instrument is third party vendors, that act as a bank and provide equipment to the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital. Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchases unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance

Corporation than through the other financing instruments. In accordance with the proposed ordinance, the Controller has certified that these interest rates are lower through the San Francisco Finance Corporation.

Pursuant to Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in 1990-91, with the limit increased by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in 1995-96 is \$25,525,080.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$41,004,707 in lease revenue bonds to finance the purchase of equipment, as follows:

Fiscal	Lease Revenue
<u>Year</u>	<u>Bonds</u>
1990-91	\$7,304,707
1991-92	Up To 10,000,000
1992-93	Up To 10,200,000
1993-94	Up to 7,000,000
1994-95	Up to 6,500,000
Total	Up To \$41,004,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$41,004,707 in 1990-91 through 1994-95 in Lease Purchase Revenue bonds to procure equipment on behalf of the City. According to the Chief Administrative Officer's Office, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of November 1, 1995 are as follows:

Series 1991A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1991A:	\$7,020,000 (6,345,000)	\$675,000
Series 1992A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$5,555,000 (2,720,000)	2,835,000
Series 1993A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$10,200,000 (6,070,000)	4,130,000

Series 1994A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,850,000	
Repayment to date	(1.700,000)	
Outstanding Indebtedness: Series 1994A		\$5,150,000
		40,200,000
Series 1995A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,075,000	
Repayment to date	_(405,000)	
Outstanding Indebtedness: Series 1995A		5,670,000
		440.04444
Total Current Outstanding Indebtedness		\$18,460,000
Total Allowable Indebtedness		25,525,080
Total Allowable Indebtedness Still Available		\$7,065,080
and the second s		41,000,000

The current, unused balance of lease financing available in 1995-96 in accordance with the provisions of Proposition C is \$7,065,080 (Proposition C established a limit of \$25,525,080 in available indebtedness for 1995-96 less the current outstanding balance of \$18,460,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in 1995-96 in an amount not to exceed \$7,065,000, which is within the San Francisco Finance Corporation's current debt capacity under Proposition C of \$7,065,080.

The proposed ordinance would also authorize an Equipment Lease Supplement No. 5 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

According to Ms. Stephanie Carlisle of the Chief Administrative Officer's (CAO's) Office, the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Carlisle explains that various City General Fund departments have budgeted the annual lease payments within their FY 1995-96 General Fund departmental budgets (See Attachment). Ms. Carlisle reports that the amount of the annual lease payments for FY 1995-96 for all City departments is approximately \$2.5 million, and \$6,215,668 for equipment would be paid over the three to five year term of the leases. All of the \$6,215,668 would be funded through General Fund departments. Ms. Carlisle reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City Departments will then make annual lease payments to the San Francisco Finance Corporation, who in turn will use these funds to repay the lease revenue bond interest and redemption.

In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures (see Comment 5) prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) ratifies actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and paid in full by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Financing Corporation, who in turn will use such funds to repay the bond funds.

#### Comments:

1. The Attachment shows equipment items with a total cost of approximately \$6,215,668 that were included in the 1995-96 City budget that would be funded by the proposed lease revenue bonds for 1995-96. The estimated budget for the proposed, (not to exceed) \$7,065,000 in lease revenue bonds for 1995-96 is as follows:

Equipment Costs	\$6,215,668
Required Reserve Fund (1)	706,500
Bond Issuance Costs	100,000
Capitalized Interest (2)	42,832

Total \$7,065,000

- (1) Lease Revenue bonds have a legally required Reserve Fund equal to 10% of the principal amount of the bonds.
- (2) Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the equipment has been received by the City. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, accrued interest, estimated in the amount of \$42,832, must be paid from proceeds of the bonds until such time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.

- 2. The actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely, because the interest rate will depend on the financial market interest rate when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item.
- 3. Ms. Carlisle estimates that, if Series 1996A Lease Revenue Bonds are sold in a principal amount not to exceed \$7,065,000, at an estimated annual interest rate of five percent (based on current financial market interest rates) and based on the expected repayment periods of between three to five years, the City's total principal and interest costs would be \$7,788,936 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$7,065,000 in principal and \$723,936 in interest costs.
- 4. Ms. Carlisle reports that the actual interest costs to the City of the proposed equipment lease-purchases will depend on the market interest rates when the bonds are sold. Interest costs will also vary for each item of equipment purchased based on the number of years in the repayment period for the item. Ms. Carlisle estimates that the maximum annual debt service (amount of the City's repayment) which would be required in any single year before this Series 1996A bonds are retired would be approximately \$2,500,000.
- 5. Although the proposed lease revenue bond proceeds are the intended source of funds for the purchase of equipment already approved in the City's 1995-96 budget, and although none of this equipment has yet been purchased, some of this equipment will be purchased prior to selling the lease revenue bonds. In such cases, the City would purchase the equipment with monies temporarily borrowed from other funding sources with the intent that under the reimbursement provisions of the proposed ordinance, the temporary sources of funds would be reimbursed when the lease revenue bonds are sold. Subsequent to this reimbursement, the equipment would be owned by the San Francisco Finance Corporation and the San Francisco Finance Corporation would lease the equipment to the City.
- 6. The City would take ownership of the proposed equipment upon repayment of all principal and interest costs to the San Francisco Finance Corporation in the form of lease payments, according to the repayment terms specified in the Equipment Lease Supplement No. 5, which the CAO would be authorized to execute under the proposed ordinance.

- 7. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Carlisle, as a result of a recent change in Federal law, all cities and counties which issue tax exempt debt are required to file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: 1) the financial statements of the San Francisco Financing Corporation and the City; 2) the status of project (e.g. equipment purchased and repayment amounts); 3) a summary of budgeted General Fund revenues and appropriations; 4) a summary of assessed valuation of taxable property and 5) a summary of outstanding and authorized but unissued tax supported debt.
- 8. The use of lease-financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks in" departmental expenditures for future years resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the CAO's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the costs over several years.
- 9. As noted above, the Controller has certified that the interest costs to the City will be lower through the San Francisco Financing Corporation than through other financing instruments.
- 10. As noted on the Attachment, \$2,719,090 of the proposed equipment purchases would be for the Public Library. These \$2,719,090 in equipment purchases would be used for automation and telecommunications equipment for the New Main Library and for the 26 Branch Libraries.
- 11. Item 5, File 101-95-26 of this report is a supplemental appropriation ordinance request for the Public Library using Library Preservation Fund monies. That item identifies that additional interest savings of up to \$650,000 could result from using cash from the Library Preservation Fund rather than financing the proposed equipment from the San Francisco Financing Corporation. In addition, other City departments that do not have an available source of cash, as does the Public Library, could benefit from purchasing equipment from the San Francisco Financing Corporation.

Memo to Budget Committee November 1, 1995

12. The Budget Analyst recommends that the proposed ordinance be continued for one week, pending the receipt of additional information as requested by the Budget Analyst in Item 5 (File 101-95-26).

**Recommendation:** Continue the proposed ordinance for one week to the Budget Committee meeting of November 8, 1995.

# DESCRIPTION OF LEASED EQUIPMENT

Series 1996A Bonds Equipment Schedule Scheduled Completion Date: \_\_\_\_\_ 1, 1996

Upon acquisition of each item of Equipment, this Equipment schedule shall be amended to include a specific description and serial number (if applicable) for each such item of Equipment.

				Lease
Department	Equipment '	# Units	Total Cost	Term
Sheriff	Computer Hardware / Inmate traking System	1	\$1,410,500.00	5
Sheriff	Radios	1	203,000.00	3
City Attorney	Local Area Network	1	289,570.00	3
Library	Data Telecommunications Network*	1	878,790,00*	4
Library	Multimedia Workstation/Network*	1	633,590.00*	3
Library	Childrens Electronic Discovery Center*	1	265,540.00*	3
·Library .	Computer Network*	1	550,600.00*	3
Library	ADA Workstations	1	130,620.00*	3
Library	Catalog Terminals	1	193,400.00*	3
Library	Library Training Center	1	66,550.00*	3
Police	Marked Vehicles	42	1,299,900.00	3
· Juvenile Probation	Vehicles	4	62,928.00	4
Juvenile Probation	Vehicles	• . 1	20,290.00	. 4
Fire Department	Vehicles	10	210,390.00	4
			\$6,215,668.00	

\*Total Public Library proposed equipment is \$2,719,090.

Memo to Budget Committee November 1, 1995

Item 4 - File 47-95-11

Department:

Department of Parking and Traffic (DPT)

Item:

Resolution approving new day and evening parking rates at the Pierce Street Garage.

Description:

The San Francisco Parking and Traffic Commission has oversight responsibility for City-owned parking facilities. This responsibility includes reviewing the parking rates charged at City-owned garages and lots and making recommendations to the Board of Supervisors for changes in such parking rates.

The Pierce Street Garage is a 115-space, City-owned parking facility located in the Marina District at 3252 Pierce Street, which serves patrons of the Chestnut and Lombard Street commercial district. The existing rates and hours of operation at the Pierce Street Garage are 50 cents per hour with a two-hour limitation, daily from 9 a.m. to 10 p.m. After 10 p.m., parking is free and there is no time limitation.

The DPT recently installed a centralized parking meter at the Pierce Street Garage to replace individual parking meters. The centralized parking meter is a computerized unit located at the street level entrance to the Garage. Garage patrons park in a numbered space, punch in their space number at the meter, pay a parking fee and receive a printed receipt which shows the time of expiration. The multiple space meter accepts nickels, dimes, quarters and dollar bills. Parking enforcement officers can enter a code which generates a list of expired spaces for use in issuing citations. In addition, the centralized parking meter allows the DPT to establish multiple rates during the day and has an on-line system that permits the DPT to monitor the Garage's daily activity from it offices at 25 Van Ness Avenue.

According to DPT, nearby merchants have expressed a desire to (a) establish a day rate for use in the unoccupied spaces of the Garage; (b) eliminate the parking time restrictions during evening hours from 6 p.m. to 10 p.m.; and (c) develop a security plan for the Garage during evening hours (see Comment No. 1). As such, the DPT proposes establishing a new day rate of \$3 for a limited number of spaces in the Garage, which would be effective Monday through Friday from 9 a.m. to 6 p.m. Of the 115 spaces in the Garage, 24 spaces would initially be made available for the proposed day rate of \$3.00. Depending on the Garage's transient usage,

the DPT would increase or decrease the number of all-day spaces available.

In addition, the DPT is proposing the establishment of a new evening rate of \$1 per hour with a \$2 maximum, which would be in effect from 6 p.m. to 10 p.m. In addition, between the hours of 6 p.m. and 10 p.m. there would be no time limitations on parking in the Garage. After 10 p.m., there would continue to be no charge for parking and no parking time restrictions. A summary of the current and proposed parking rates at Pierce Street Garage are as follows:

Time Period	Current <u>Rate</u>	Proposed <u>Rate</u>
9 a.m 6 p.m. Two hour limit All day*	\$0.50/hr.	\$0.50/hr. 3.00
6 p.m 10 p.m. Two hour limit No time limitation	0.50/hr. 	 1.00/hr.* <sup>:</sup>
10 p.m 9 a.m. No time limitation	Free	Free

<sup>\*</sup> Monday through Friday only

#### Comments:

1. Mr. Kevin Hagerty of the DPT reports that gross revenues for the Pierce Street Garage were approximately \$98,477 during the twelve month period between December 1993 and November 1994. Mr. Hagerty estimates that, subject to the approval by the Board of Supervisors, the proposed new day and evening parking rates would result in an increase in parking revenues of \$30,000 per year. However, this increase in revenue would be partially offset by the cost of providing security during evening hours at the Garage, which is estimated to be approximately \$15,000 per year. As such, the proposed new parking rates would result in a net increase in parking revenues of an estimated \$15,000 per year (15.2 percent), from \$98,477 to \$113,477 per year.

<sup>\*\*</sup> Maximum of \$2.00

<sup>&</sup>lt;sup>1</sup> According to Mr. Hagerty, the Invitation for Bids (IFB) for the management contract for the Performing Arts Garage (located at Grove and Gough Streets), which is expected to be advertised within the next few months, would require the new manager of the Performing Arts Garage to provide security at both the Performing Arts Garage and the Pierce Street Garage.

## Memo to Budget Committee November 1, 1995

2. Of the total 115 parking spaces at the Pierce Street Garage, Mr. Hagerty estimates that there are an average of 69 vacant spaces during morning hours and 35 vacant spaces during afternoon hours, Monday through Friday. Mr. Hagerty further advises that there are an average of 12 vacant spaces during evening hours, Monday through Friday, and up to 23 vacant spaces on weekends.

# Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Memo to Budget Committee November 1, 1995 Budget Committee Meeting

# Item 5 -File 101-95-26

Item:

Supplemental appropriation ordinance for \$4,313,350 of Library Preservation Funds, including \$3,151,350 from the Library Preservation Fund Balance and \$1,162,000 from rescinding previously appropriated funds for equipment, to be used for salaries, mandatory fringe benefits, training, equipment maintenance, professional services, materials and supplies, new equipment and services of other Departments to allow the Public Library to purchase automation and telecommunications equipment, to complete the cataloging and inventory of collections and to purchase 150,000 new Library cards for Fiscal Year 1995-96. This request also contemplates a \$567,196 loan from AT&T.

Amount:

\$4,880,546

Source of Funds:

Library Preservation Funds \$4,313,350 AT&T Loan 567,196 Total \$4,880,546

Description:

The proposed supplemental appropriation would be used (a) to purchase automation and telecommunications equipment for the New Main Library and all of the 26 Branch Libraries, (b) to complete the cataloging and inventory of the Public Library's collections and (c) to provide 150,000 additional Public Library cards.

The Public Library recently completed a computer technology plan to implement an automated information and telecommunications system to support the Library's overall collection, to provide the public with access to Library information and to assist the Library's staff. The Public Library had originally planned to refinance an existing computer equipment lease with Digital Equipment Corporation (DEC) in order to finance the purchase and installation of the automation and telecommunications equipment. However, the City Attorney and the Chief Administrative Officer determined that the Library's proposed refinancing through DEC could not be completed because a competitive bid process had not been conducted. Furthermore, it was determined that the San Francisco Finance Corporation, the City's non-profit corporation, could sell revenue bonds at a lower cost for the Library to purchase the major portions of this technology project than the originally planned refinancing plan with Digital Equipment Corporation.

The automated computer equipment and technology portion of the proposed project consists of equipment for the New Main Library's training center, data telecommunications and telephone switching network, multimedia network and workstations, a Children's Electronic Discovery Center, a microcomputer network hardware and software, on-line catalog terminals, Americans with Disabilities Act (ADA) workstations, and data processing maintenance, computer room design and training costs. This portion of the project is anticipated to cost \$4,379,664.

In addition, under this proposed supplemental appropriation, the Public Library is requesting (1) the cataloging and inventory of the Public Library's collection and (2) an increase in the number of Public Library cards. The cataloging and inventory project would complete the Library's listing of the Main Library's reference materials and would establish a control system for the on-line catalog and on-line periodical database. The cataloging and inventory project is estimated to cost \$425,882. The Public Library is also requesting that 150,000 new Library cards be purchased, to be used as a standard library card for checking out books. Further, such cards would contain a magnetic strip to be used as a debit card to pay fines. The new Library card project would cost \$75,000.

The actual total cost of the proposed automated telecommunications equipment, cataloging and inventory project and Library card project is therefore \$4,880,546 (\$4,379,664 plus \$425,882 plus \$75,000). However, the proposed supplemental appropriation request is for \$4,313,350, or \$567,196 less than the total cost of the Public Library projects because AT&T will provide a loan of the \$567,196 for the Library's telephone computer and switching equipment (See Comment No. 5 for additional details).

The total budget now being requested is as follows:

Professional Services	\$275,000
Temporary Salaries	31,270
Mandatory Fringe Benefits	8,027
Equipment Purchase	1,273,585
Data Processing Supplies	75,000
Training	25,000
Equipment Maintenance Services	113,895
Materials and Supplies	2,000

Equipment Lease/Purchase	\$2,149,470
Services of the Department of Electricity	$_{360,103}$
SubTotal	\$4,313,350
AT&T New Switching Equipment Loan	567,196
Total	\$4,880,546

The Public Library has provided Attachment I, which contains the amounts being requested, the staff classifications, the contractors selected, and an explanation for each of the items under this project of \$4,880,546.

The funds for this project would be \$4,313,350 from Library Preservation Fund monies including \$1,162,000 from deferring and rescinding FY 1995-96 budgeted funds for the purchase of books. However, these budgeted funds for books would be fully reimbursed to the Library's FY 1995-96 budget after the lease revenue bonds are sold, as explained below.

Under the proposed request, the Library would be leasepurchasing the proposed equipment through the San Francisco Finance Corporation, a non-profit corporation, established to enable the City to lease finance equipment purchases with lease revenue bonds.

#### Comments:

- 1. The Library Preservation Fund was established to improve Public Library services with the approval of Proposition E in June of 1994 by the San Francisco voters. According to Mr. Ken Dowlin of the Public Library, the proposed request is essential to the opening of the New Main Library, which is currently scheduled to occur in April of 1996. Mr. Dowlin reports that the proposed supplemental appropriation would also provide the necessary funding for the ongoing operations of the City's 26 Branch Libraries.
- 2. The Public Library had originally intended to finance the purchase of the proposed automation equipment through Digital Equipment Corporation (DEC) and had included \$600,000 in the current FY 1995-96 Library budget to begin the lease payments for this equipment. According to Mr. Steve Nelson of the Chief Administrative Office, the DEC lease was intended to extend for seven years, escalating to \$1.5 million annual payments for a total cost of \$9,617,618, excluding the AT&T telephone expenses. Instead, the proposed supplemental, which would enable the Public Library to use the City's Municipal Leasing Corporation to finance the proposed

equipment, would result in total costs of \$7,269,645, excluding the AT&T telephone expenses. Therefore, the proposed arrangement results in a total cost savings of \$2,347,973 over the life of the project.

- 3. Item 2, File 170-95-10 of this report is an ordinance to approve the lease revenue bond sale, providing for reimbursement of said bonds and execution of the necessary documents for the San Francisco Finance Corporation. That ordinance is for an amount not to exceed \$7,065,000, which includes \$2,719,090 for the Public Library.
- 4. Mr. Steve Nelson of the Chief Administrative Office reports that the San Francisco Finance Corporation lease revenue bonds for \$2,719,090 for the Public Library are anticipated to be sold in January, 1996. Although the total cost of the project is \$4,880,546, only \$2,719,090 or \$2,161,456 less than the total project cost would be financed through the City's non-profit Lease Corporation.
- 5. According to Mr. Nelson, the San Francisco Finance Corporation cannot be used to finance the leasing of the telephone equipment for the Library because it is not consider a fixed capital expense. Therefore, AT&T will provide a loan to the Library to pay for this telephone equipment, Mr. David Price of the Public Library reports that the AT&T loan funds will be repaid by the Library Preservation Fund, as part of current and future year budget appropriations. Mr. Fred Weiner of the Department of Electricity and Telecommunications reports that the Library's new AT&T equipment and switching costs are \$567,196, which would be added to the Library's existing AT&T lease. The term of the new AT&T lease would be 16 months at an interest rate of 6.25 percent. The total estimated cost of the new AT&T lease would be \$590,573, including a financing cost of \$23,377.
- 6. The remainder of the funds needed to finance the project, or \$1,594,260 (\$4,880,546 total project cost less \$2,719,090 proposed for the San Francisco Finance Corporation lease revenue bonds less \$567,196 for new AT&T loan), is proposed to be funded directly by the Library Preservation Fund. The current balance in the Library Preservation Fund is \$4,014,268. Therefore, the proposed financing strategy would result in a Fund Balance of \$2,420,008 in the Library Preservation Fund.

- 7. The \$2,719,090 of funds resulting from the sale of the lease revenue bonds would be reimbursed back to the Library Preservation Fund and the Library's budget by February, 1996. As discussed above, of the \$2,719,090 in lease revenue bond proceeds, \$1,162,000 would be reimbursed back to the Public Library's FY 1995-96 budget for purchasing books. According to Mr. Nelson, although market conditions will ultimately determine the actual interest rate on the lease revenue bonds, the interest rate on these bonds is anticipated to be approximately 4.75 percent.
- 8. The Library Commission established a \$2,000,000 emergency reserve within the Library Preservation Fund, which the Library does not wish to be expended for the proposed project. Therefore, the Library proposes financing these projects through the San Francisco Finance Corporation, which will sell lease revenue bonds on behalf of the Public Library, to pay for the proposed project, which will have to be paid back by the Library Preservation Fund with interest over the next four years. While the proposed financing strategy is preferable to the original DEC financing strategy since it results in \$2,347,973 in savings, if the Library used its Library Preservation Fund to fund the proposed project on a cash basis, it would result in an estimated interest savings of up to \$650,000 to the Public Library. The Budget Analyst suggests that the Public Library pursue this alternative financing strategy. As noted above, with the proposed financing strategy, the Library Preservation Fund would have a balance of \$2,420,000 and has established \$2,000,000 of this amount to be an Emergency Reserve Fund.
- 9. The Budget Analyst notes that the Public Library has established an Emergency Reserve of \$2.0 million based on a FY 1995-96 budget of approximately \$33 million, or an Emergency Reserve of approximately 6.1 percent. In contrast, the overall budget for the City and County of San Francisco has an Emergency Reserve Fund of approximately \$5 million and a General Reserve Fund of \$10 million, for a total of \$15 million. Based on the City's FY 1995-96 General Fund budget of approximately \$1.5 billion, the combined General Reserve and Emergency Reserve for the entire City's General Fund budget is approximately 1.0 percent, as compared to the Library's Emergency Reserve Fund of approximately 6.1 percent.

10. Ms. Teresa Serata of the Mayor's Office reports that she disagrees with the Budget Analyst's suggestion that the Library use more of its Library Preservation Fund to finance the proposed project, to save unnecessary lease financing costs of up to \$650,000 over a period of approximately four years. According to Ms. Serata, use of any additional Library Preservation Funds to finance equipment needs for the Library would result in a direct reduction of Library service hours in FY 1996-97. As of the writing of this report, the Budget Analyst has not been provided with documentation of this assertion.

11. Ms. Deborah Vincent-James of the Electronic Information Processing Steering Committee (EIPSC) reports that EIPSC has reviewed the Public Library's automation technology plan and the proposed supplemental appropriation and has approved these requests. However, as of the writing of this report, Ms. Vincent-James has not provided the Budget Analyst with written confirmation of this approval from EIPSC.

12. Given (a) the potential for significant further savings (up to \$650,000) to the Public Library if the Library used more Library Preservation Funds to finance the proposed equipment purchase, (b) the limited availability of San Francisco Finance Corporation funds for those City departments that do not have alternative equipment funding possibilities, (c) that EIPSC has not provided written confirmation of their approval of the proposed project which has over \$4.0 million of computer and related equipment requests, and (d) that the Mayor's Office has not substantiated their claim with written documentation that the additional use of Library Preservation Funds would result in a direct reduction in Library service hours in the next fiscal year (FY 1996-97). the Budget Analyst recommends a continuation of the proposed ordinance for one week pending submission of (a) EIPSC written approval for the computer equipment, (b) documentation from the Mayor's Office identifying how the Budget Analyst's suggestion to use additional cash from the Library Preservation Fund instead of lease revenue bonds would result in direct reductions in Public Library service levels in FY 1996-97 and (c) an examination by the Budget Analyst of a reasonable Reserve to be maintained by the Public Library.

Recommendation:

Continue the proposed ordinance for one week to the

Budget Committee meeting of November 8, 1995.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakey

P02

October 24, 1995

TO David Price

FROM: Nancy Musser

SUBJECT: TECHNICAL SERVICES BUDGET DETAIL - 1995/96 SUPPLEMENTAL

Three major projects remain to complete the library's computerized public catalog before the opening of the New Main Library:

\* the inventory and cataloging of the reference books in the Main Library's general collections,
\* the creation of a standardized system of author and subject

entries for ease and accuracy in searching the catalog, and \* the display of the library's magazine holdings in the

catalog.

BUDGET ITEMS

#### \$275,000 Professional services

\* \$200,000

For a personal services contract with AIM (Advanced Information Management) to provide the staff and equipment to complete the cataloging and inventory of the reference books in the Main Library's general collections. There are approximately 135,000 items that remain to be cataloged and inventoried at an est. average cost of \$1.50 each.

This project is critical to public service in the New Main Library. The library's reference books must be listed in the catalog with their locations for the public and staff to know that they are available and to make it possible for them to find and use them.

\* \$ 75,000

For a contract with OCLC (Online Computer Library Center) to create an authority control system to standardize and consolidate the personal names and subject headings in the computer catalog. 625,000 cataloging records (with an est. 2,500,000 names and subject entries) would be brought under authority control at a cost of \$0.12 each.

Standardizing the author and subject headings in the computerized catalog is the key to successful and easy searching for library books and materials. The vendor will review the headings used in our catalog, establish a single standard heading for each name and subject used, and consolidate and index the entries so that all works by an author, and subjects dealing with a topic, are brought together in one place, under one heading, and cross references are made from all the headings that are not used. For example, Movies SEE Motion pictures, Films

SEE Motion pictures, Cinema SEE Motion pictures, etc. Without authority control, the person looking for books under the headings "Movies", "Films", and "Cinema", would find a partial listing, or nothing listed on the subject.

#### \$ 31,270 Temporary salaries

\* \$ 25,700

Funding to hire a 3630 librarian trained in authority work for (8) eight months (salary at Step I) to negotiate the contract, write the technical specifications, work with the vendor to prepare the database for the project, resolve problems, provide the quality review of the finished product and authorize the payment of invoices.

\* \$ 5,570

Funding to hire a part-time (15 hr. per week) 3602 Library Page for (8) months to assist the Librarian with data input and retrieval, record corrections, searching for books, and other miscellaneous project related tasks.

\$ 8,027 Mandatory Fringe Benefits

(8) Eight months fringe benefits for the 3630 Librarian and 3602 part-time Library page.

#### \$111,585 Equipment Purchase

To purchase the equipment and software to make the library's magazine holdings and their locations available to the public.

- \* \$ 35,593
  - Hardware platform and software configuration for INNOPAC with a DEC Alpha CPU.
- \* \$ 70,200

INNOPAC acquisitions software module @ \$23,500 Data access license (8,000 order records) @\$3,200 User access licenses (20 ports) @ 39,000 Electronic serials claiming @\$4,500

\* \$ 5,792

One day on-site maintenance service (including expenses) for (8) months @ \$ 724 per month.

Magazines are a major component of the library's collections. With this equipment and software the library will be able to display its periodical holdings in the catalog, making them available to the public and staff in the New Main Library and the 26 branches. Currently this information is available only in a paper catalog that is now out of date.

## SUPPLEMENTAL BUDGETARY ITEMS BREAKDOWN SUPPORT SERVICES/AUTOMATION

October 24, 1995

#### Equipment Purchase

Hardware, including data terminals, PC's, volce-output terminals (for people with visual impairments and people with learning disabilities), network servers, multimedia presentation and authoring workstations, software, special workstations for children, scanner, printers, ADA workstations, video equipment, move of the computer system, data telecommunications configurations.

\$1,162,000

#### <u>Training</u>

\* The training of 8 Automation Services technical staff for unlimited training passes to learn the new systems and for handling daily operations and support for a highly complex system and network.

\$ 25,000

#### Equipment Maintenance Services

\* This fiscal year marks the first year that the Library will be at full capacity in regards to the planned network of 1100+ devices. This is a first-time maintenance cost for all system-wide equipment that will no longer be covered under warrant. Also includes some AV maintenance costs.

\$113,895

#### Materials and Supplies

 A/V supplies of video tape stocks; audio tape stock; projector bulbs; audio and video cables; film leader; film take up reels; lighting supplies and gels; security devises; edit tabs; gaffers tape; audiovideo tape degausser that is used in the recordings of the Blind and Print Handicapped quarterly newsletter and voter's information handbook; portable audio cassette recorder.

\$ 2,000

#### Equipment Lease/Purchase

This will pay off the existing lease with Digital Equipment Corporation and includes also the payments that cover the design and implementation of the new computer room and a highly sophisticated data telecommunications network. This will eliminate the refinancing of our DEC lease and move the technology lease to the City Finance Corporation.

\$2,149,470

#### Services of the Department of Electricity

\* These monies are to maintain online access to the branch libraries. This is a standard maintenance charge to maintain service through Pacific Bell data circuits for connection to the central computer processing unit located in the Main Library.

\$360,103

Attachment I Page 4 of 4



#### SUPPLIES FOR PROCESSING NEW MAIN LIBRARY COLLECTIONS

#### FOR APRIL 16, 1996 OPENING

In addition to the funds in the library's 1995-96 budget, the following supplies are needed to insure that materials being purchased for the new Main Library are shelf ready on April 16, 1996.

#### Technical Services

Tattletape Security Strips	\$ 7,300
Label Sets	2,000
Label Protectors	2,000
Pam Binders for Sheet Music	5,000
Mylar to encapsulate Large Maps	1,000
Date Due Slips	2,000
Magazine Binders	13,000
(1,000 binders) *	
J-lar Tape	5,000

Subtotal \$37,300

#### Main Library

Gressco Security Cases	\$17,700
Departments:	
Government Information Center	5,900
Moving Image Archivist	5,000
Dorothy Starr Collection	3,400
Special Collections	3,375
General Collections	2.000

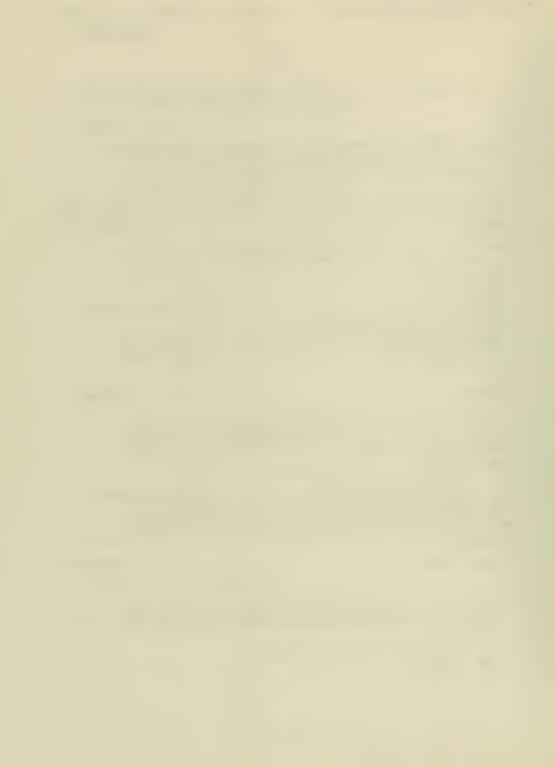
Subtotal \$37,875

GRAND TOTAL: \$75,175\*\*

COTS 08/29/95 REV: 10/25/95

<sup>\*</sup>Would fund new binders for all display copies of new Main Library magazines.

<sup>\*\*</sup> Rounded to\$75,000 in the budget.



Public Library, Documents Dept.

Memo to Budget Committee
7 November 1, 1995

REVISED Attn: Kate Wingerson DOCHMENTS DEPT.

NOV 0 1 1995

Item 3 - File 170-95-10

SAN FRANCISCO PUBLIC LIBRARY

Note: An Amendment of the Whole has been prepared for the proposed legislation.

This report reflects this Amendment of the Whole.

Department:

Chief Administrative Officer (CAO)

Item:

Ordinance (a) providing for the approval and execution and delivery by officers of the City and County of San Francisco of an equipment lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said lessor and said lessee; (b) providing for reimbursement to the City of certain City expenditures prior to the issuance of lease revenue bonds and approving the issuance of lease revenue bonds by said nonprofit corporation; (c) providing that said bonds shall be subject to the certification of the Controller prior to the sale of said bonds; (d) providing for the execution of documents in connection therewith and (e) ratifying actions previously taken.

Amount:

Not to exceed \$7,065,000. An Amendment of the Whole has been prepared to reflect an amount not to exceed \$7,065,000, instead of \$6,075,000.

Description:

In June, 1990, San Francisco voters approved Proposition C, a Charter amendment which authorized the Board of Supervisors to authorize and approve the lease-financing of equipment purchases for the City through a non-profit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease revenue bonds.

Interest rates on lease revenue bonds issued by non-profit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations. According to the Controller, the other major financing instrument is third party vendors, that act as a bank and provide equipment to the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital. Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchases unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance

BOARD OF SUPERVISORS

MBUDGET ANALYST Recommendation of the second secon

Corporation than through the other financing instruments. In accordance with the proposed ordinance, the Controller has certified that these interest rates are lower through the San Francisco Finance Corporation.

Pursuant to Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in 1990-91, with the limit increased by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in 1995-96 is \$25,525,080.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$41,004,707 in lease revenue bonds to finance the purchase of equipment, as follows:

Fiscal	Lease Revenue
<u>Year</u>	<u>Bonds</u>
1990-91	\$7,304,707
1991-92	Up To 10,000,000
1992-93	Up To 10,200,000
1993-94	Up to 7,000,000
1994-95	Up to 6,500,000
Total	Up To \$41,004,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$41,004,707 in 1990-91 through 1994-95 in Lease Purchase Revenue bonds to procure equipment on behalf of the City. According to the Chief Administrative Officer's Office, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of November 1, 1995 are as follows:

Series 1991A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1991A:	\$7,020,000 (6,345,000)	\$675,000
Series 1992A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$5,555,000 ( <u>2,720,000)</u>	2,835,000
Series 1993A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$10,200,000 ( <u>6,070,000)</u>	4,130,000

 Series 1994A Bonds
 \$6,850,000

 Lease Purchase Revenue Bonds Issued
 \$6,850,000

 Repayment to date
 (1,700,000)

 Outstanding Indebtedness: Series 1994A
 \$5,150,000

 Series 1995A Bonds
 \$6,075,000

 Lease Purchase Revenue Bonds Issued
 \$6,075,000

 Repayment to date
 (405,000)

 Outstanding Indebtedness: Series 1995A
 5,670,000

 Total Current Outstanding Indebtedness
 \$18,460,000

Total Current Outstanding Indebtedness\$18,460,000Total Allowable Indebtedness25,525,080Total Allowable Indebtedness Still Available\$7,065,080

The current, unused balance of lease financing available in 1995-96 in accordance with the provisions of Proposition C is \$7,065,080 (Proposition C established a limit of \$25,525,080 in available indebtedness for 1995-96 less the current outstanding balance of \$18,460,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in 1995-96 in an amount not to exceed \$7,065,000, which is within the San Francisco Finance Corporation's current debt capacity under Proposition C of \$7,065,080.

The proposed ordinance would also authorize an Equipment Lease Supplement No. 5 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

According to Ms. Stephanie Carlisle of the Chief Administrative Officer's (CAO's) Office, the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Carlisle explains that various City General Fund departments have budgeted the annual lease payments within their FY 1995-96 General Fund departmental budgets (See Attachment). Ms. Carlisle reports that the amount of the annual lease payments for FY 1995-96 for all City departments is approximately \$2.5 million, and \$6,215,668 for equipment would be paid over the three to five year term of the leases. All of the \$6,215,668 would be funded through General Fund departments. Ms. Carlisle reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City Departments will then make annual lease payments to the San Francisco Finance Corporation, who in turn will use these funds to repay the lease revenue bond interest and redemption. In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures (see Comment 5) prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) ratifies actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and paid in full by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Financing Corporation, who in turn will use such funds to repay the bond funds.

#### **Comments:**

1. The Attachment shows equipment items with a total cost of approximately \$6,215,668 that were included in the 1995-96 City budget that would be funded by the proposed lease revenue bonds for 1995-96. The estimated budget for the proposed, (not to exceed) \$7,065,000 in lease revenue bonds for 1995-96 is as follows:

Equipment Costs	\$6,215,668
Required Reserve Fund (1)	706,500
Bond Issuance Costs	100,000
Capitalized Interest (2)	42,832

Total \$7,065,000

- (1) Lease Revenue bonds have a legally required Reserve Fund equal to 10% of the principal amount of the bonds.
- (2) Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the equipment has been received by the City. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, accrued interest, estimated in the amount of \$42,832, must be paid from proceeds of the bonds until such time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.

- 2. The actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely, because the interest rate will depend on the financial market interest rate when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item.
- 3. Ms. Carlisle estimates that, if Series 1996A Lease Revenue Bonds are sold in a principal amount not to exceed \$7,065,000, at an estimated annual interest rate of five percent (based on current financial market interest rates) and based on the expected repayment periods of between three to five years, the City's total principal and interest costs would be \$7,788,936 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$7,065,000 in principal and \$723,936 in interest costs.
- 4. Ms. Carlisle reports that the actual interest costs to the City of the proposed equipment lease-purchases will depend on the market interest rates when the bonds are sold. Interest costs will also vary for each item of equipment purchased based on the number of years in the repayment period for the item. Ms. Carlisle estimates that the maximum annual debt service (amount of the City's repayment) which would be required in any single year before this Series 1996A bonds are retired would be approximately \$2,500,000.
- 5. Although the proposed lease revenue bond proceeds are the intended source of funds for the purchase of equipment already approved in the City's 1995-96 budget, and although none of this equipment has yet been purchased, some of this equipment will be purchased prior to selling the lease revenue bonds. In such cases, the City would purchase the equipment with monies temporarily borrowed from other funding sources with the intent that under the reimbursement provisions of the proposed ordinance, the temporary sources of funds would be reimbursed when the lease revenue bonds are sold. Subsequent to this reimbursement, the equipment would be owned by the San Francisco Finance Corporation and the San Francisco Finance Corporation would lease the equipment to the City.
- 6. The City would take ownership of the proposed equipment upon repayment of all principal and interest costs to the San Francisco Finance Corporation in the form of lease payments, according to the repayment terms specified in the Equipment Lease Supplement No. 5, which the CAO would be authorized to execute under the proposed ordinance.

- 7. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Carlisle, as a result of a recent change in Federal law, all cities and counties which issue tax exempt debt are required to file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: 1) the financial statements of the San Francisco Financing Corporation and the City; 2) the status of project (e.g. equipment purchased and repayment amounts); 3) a summary of budgeted General Fund revenues and appropriations; 4) a summary of assessed valuation of taxable property and 5) a summary of outstanding and authorized but unissued tax supported debt.
- 8. The use of lease-financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks in" departmental expenditures for future years resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the CAO's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the costs over several years.
- 9. As noted above, the Controller has certified that the interest costs to the City will be lower through the San Francisco Financing Corporation than through other financing instruments.
- 10. As noted on the Attachment, \$2,719,090 of the proposed equipment purchases would be for the Public Library. These \$2,719,090 in equipment purchases would be used for automation and telecommunications equipment for the New Main Library and for the 26 Branch Libraries.
- 11. Item 5, File 101-95-26 of this report is a supplemental appropriation ordinance request for the Public Library using Library Preservation Fund monies. That item identifies that there is no clear financial benefit to lease finance the proposed equipment from the San Francisco Financing Corporation, rather than using cash from the Library Preservation Fund. In addition, other City departments that do not have an available source of cash, as does the Public Library, could benefit from purchasing equipment from the San Francisco Financing Corporation. These other City departments with equipment needs include the Police Department, San Francisco General Hospital and the Fire Department.

Memo to Budget Committee November 1, 1995

12. Ms. Teresa Serata of the Mayor's Office reports that the use of any additional Library Preservation Funds to finance equipment needs for the Library would result in a direct reduction of Library service hours in FY 1996-97. As of the writing of this report, the Budget Analyst has not been provided with documentation of this assertion.

**Recommendation:** For the reasons cited above, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

#### DESCRIPTION OF LEASED EQUIPMENT

Series 1996A Bonds Equipment Schedule
Scheduled Completion Date: \_\_\_\_\_\_1, 1996

Upon acquisition of each item of Equipment, this Equipment schedule shall be amended to include a specific description and serial number (if applicable) for each such item of Equipment.

	Danautwant	Paritane	# Units	Total Cost	Lease
	Department	Equipment	מומט א	Total Cost	1 clm
	Sheriff	Computer Hardware / Inmate traking System	1	\$1,410,500.00	5
	Sheriff	Radios	1	203,000.00	3
	City Attorney	Local Area Network	1	289,570.00	3
	Library	Data Telecommunications Network*	1	878,790,00*	4
	Library	Multimedia Workstation/Network*	1	633,590,00*	3
	Library	Childrens Electronic Discovery Center*	1	265,540.00*	3
	·Library	Computer Network*	1	550,600.00*	3
	Library	ADA Workstations	1	130,620.00*	3
	Library	Catalog Terminals	1	193,400.00*	3
	Library	Library Training Center	1	66,550.00*	3
	Police	Marked Vehicles	42	1,299,900.00	3
•	Juvenile Probation	Vehicles	4	62,928.00	4
	Juvenile Probation	Vehicles	1	20,290.00	. 4
	Fire Department	Vehicles	10	210,390.00	4
				\$6,215,668.00	

\*Total Public Library proposed equipment is \$2,719,090.

#### REVISED

#### Item 5 -File 101-95-26

Item:

Supplemental appropriation ordinance for \$4,313,350 of Library Preservation Funds, including \$3,151,350 from the Library Preservation Fund Balance and \$1,162,000 from rescinding previously appropriated funds for equipment, to be used for salaries, mandatory fringe benefits, training, equipment maintenance, professional services, materials and supplies, new equipment and services of other Departments to allow the Public Library to purchase automation and telecommunications equipment, to complete the cataloging and inventory of collections and to purchase 150,000 new Library cards for Fiscal Year 1995-96. This request also contemplates a \$567,196 loan from AT&T.

Amount:

\$4,880,546

Source of Funds:

Library Preservation Funds \$4,313,350 AT&T Loan 567,196 Total \$4,880,546

**Description:** 

The proposed supplemental appropriation would be used (a) to purchase automation and telecommunications equipment for the New Main Library and all of the 26 Branch Libraries, (b) to complete the cataloging and inventory of the Public Library's collections and (c) to provide 150,000 additional Public Library cards.

The Public Library recently completed a computer technology plan to implement an automated information and telecommunications system to support the Library's overall collection, to provide the public with access to Library information and to assist the Library's staff. The Public Library had originally planned to refinance an existing computer equipment lease with Digital Equipment Corporation (DEC) in order to finance the purchase and installation of the automation and telecommunications equipment. However, the City Attorney and the Chief Administrative Officer determined that the Library's proposed refinancing through DEC could not be completed because a competitive bid process had not been conducted. Furthermore, it was determined that the San Francisco Finance Corporation, the City's non-profit corporation, could sell revenue bonds at a lower cost for the Library to purchase the major portions of this

technology project than the originally planned refinancing plan with Digital Equipment Corporation.

The automated computer equipment and technology portion of the proposed project consists of equipment for the New Main Library's training center, data telecommunications and telephone switching network, multimedia network and workstations, a Children's Electronic Discovery Center, a microcomputer network hardware and software, on-line catalog terminals, Americans with Disabilities Act (ADA) workstations, and data processing maintenance, computer room design and training costs. This portion of the project is anticipated to cost \$4,379,664.

In addition, under this proposed supplemental appropriation, the Public Library is requesting (1) the cataloging and inventory of the Public Library's collection and (2) an increase in the number of Public Library cards. The cataloging and inventory project would complete the Library's listing of the Main Library's reference materials and would establish a control system for the on-line catalog and on-line periodical database. The cataloging and inventory project is estimated to cost \$425,882. The Public Library is also requesting that 150,000 new Library cards be purchased, to be used as a standard library card for checking out books. Further, such cards would contain a magnetic strip to be used as a debit card to pay fines. The new Library card project would cost \$75,000.

The actual total cost of the proposed automated telecommunications equipment, cataloging and inventory project and Library card project is therefore \$4,880,546 (\$4,379,664 plus \$425,882 plus \$75,000). However, the proposed supplemental appropriation request is for \$4,313,350, or \$567,196 less than the total cost of the Public Library projects because AT&T will provide a loan of the \$567,196 for the Library's telephone computer and switching equipment (See Comment No. 5 for additional details).

The total budget now being requested is as follows:

Professional Services	\$275,000
Temporary Salaries	31,270
Mandatory Fringe Benefits	8,027
Equipment Purchase	1,273,585
Data Processing Supplies	75,000

Training	25,000
Equipment Maintenance Services	113,895
Materials and Supplies	2,000
Equipment Lease/Purchase	\$2,149,470
Services of the Department of Electricity	360,103
SubTotal	\$4,313,350
AT&T New Switching Equipment Loan	567,196
Total	\$4,880,546

The Public Library has provided Attachment I, which contains the amounts being requested, the staff classifications, the contractors selected, and an explanation for each of the items under this project of \$4,313,350, excluding the AT&T expenses.

The funds for this project would be \$4,313,350 from Library Preservation Fund monies including \$1,162,000 from deferring and rescinding FY 1995-96 budgeted funds for the purchase of books. However, these budgeted funds for books would be fully reimbursed to the Library's FY 1995-96 budget after the lease revenue bonds are sold, as explained below.

Under the proposed request, the Library would be leasepurchasing the proposed equipment through the San Francisco Finance Corporation, a non-profit corporation, established to enable the City to lease finance equipment purchases with lease revenue bonds.

#### Comments:

- 1. The Library Preservation Fund was established to improve Public Library services with the approval of Proposition E in June of 1994 by the San Francisco voters. According to Mr. Ken Dowlin of the Public Library, the proposed request is essential to the opening of the New Main Library, which is currently scheduled to occur in April of 1996. Mr. Dowlin reports that the proposed supplemental appropriation would also provide the necessary funding for the ongoing operations of the City's 26 Branch Libraries.
- 2. The Public Library had originally intended to finance the purchase of the proposed automation equipment through Digital Equipment Corporation (DEC) and had included \$600,000 in the current FY 1995-96 Library budget to begin the lease payments for this equipment. According to Mr. Steve Nelson of the Chief Administrative Office, the DEC lease was intended to extend for seven years, escalating to \$1.5 million annual payments for a total cost of \$9,617,618, excluding the AT&T telephone

expenses. Instead, the proposed supplemental, which would enable the Public Library to use the City's Municipal Leasing Corporation to finance the proposed equipment, would result in total costs of \$7,269,645, excluding the AT&T telephone expenses. Therefore, the proposed arrangement results in a total cost savings of \$2,347,973 over the life of the project.

- 3. Item 2, File 170-95-10 of this report is an ordinance to approve the lease revenue bond sale, providing for reimbursement of said bonds and execution of the necessary documents for the San Francisco Finance Corporation. That ordinance is for an amount not to exceed \$7,065,000, which includes \$2,719,090 for the Public Library.
- 4. Mr. Steve Nelson of the Chief Administrative Office reports that the San Francisco Finance Corporation lease revenue bonds for \$2,719,090 for the Public Library are anticipated to be sold in January, 1996. Although the total cost of the project is \$4,880,546, only \$2,719,090 or \$2,161,456 less than the total project cost would be financed through the City's non-profit Lease Corporation.
- 5. According to Mr. Nelson, the San Francisco Finance Corporation cannot be used to finance the leasing of the telephone equipment for the Library because it is not consider a fixed capital expense. Therefore, AT&T will provide a loan to the Library to pay for this telephone equipment. Mr. David Price of the Public Library reports that the AT&T loan funds will be repaid by the Library Preservation Fund, as part of current and future year budget appropriations. Mr. Fred Weiner of the Department of Electricity and Telecommunications reports that the Library's new AT&T equipment and switching costs are \$567,196, which would be added to the Library's existing AT&T lease. The term of the new AT&T lease would be 16 months at an interest rate of 6.25 percent. The total estimated cost of the new AT&T lease would be \$590,573, including a financing cost of \$23,377.
- 6. The remainder of the funds needed to finance the project, or \$1,594,260 (\$4,880,546 total project cost less \$2,719,090 proposed for the San Francisco Finance Corporation lease revenue bonds less \$567,196 for new AT&T loan), is proposed to be funded directly by the Library Preservation Fund. The current balance in the Library Preservation Fund is \$4,014,268. Therefore, the

proposed financing strategy would result in a Fund Balance of \$2,420,008 in the Library Preservation Fund.

- 7. The \$2,719,090 of funds resulting from the sale of the lease revenue bonds would be reimbursed back to the Library Preservation Fund and the Library's budget by February, 1996. As discussed above, of the \$2,719,090 in lease revenue bond proceeds, \$1,162,000 would be reimbursed back to the Public Library's FY 1995-96 budget for purchasing books. According to Mr. Nelson, although market conditions will ultimately determine the actual interest rate on the lease revenue bonds, the interest rate on these bonds is anticipated to be approximately 5.0 percent.
- 8. The Library Commission established a \$2,000,000 emergency reserve within the Library Preservation Fund. which the Library does not wish to be expended for the proposed project. Therefore, the Library proposes financing these projects through the San Francisco Finance Corporation, which will sell lease revenue bonds on behalf of the Public Library, to pay for the proposed project, which will have to be paid back by the Library Preservation Fund with an estimated 5.0 interest rate over the next four years. While the proposed financing strategy is clearly preferable to the original DEC financing strategy since it results in \$2,347,973 in savings to the Library, there is not a clear advantage for the Public Library to use the San Francisco Finance Corporation to finance the proposed project as opposed to using the Library Preservation Fund on a cash basis to finance the proposed project.

This is because although the Treasurer is currently earning approximately 6.4 percent on the City's Fund Balance and the Treasurer's Office anticipates earning approximately 5.75 percent interest earnings for the balance of fiscal year 1995-96, the Treasurer's Office reports that a reasonable, but conservative interest earnings rate of 5.0 percent is anticipated over the next three to four years, the same term as the lease revenue bonds. Since the lease revenue bonds are anticipated to be sold at approximately 5.0 percent interest, the earning potential of the Library Preservation Fund and the interest rate paid by the Library Preservation Fund will be comparable. Therefore, there is neither a significant financial benefit nor detriment to the Public Library to lease finance as opposed to using cash from the Library Preservation Fund.

- 9. The Budget Analyst notes that the Public Library has established an Emergency Reserve of \$2.0 million based on a FY 1995-96 budget of approximately \$33 million, or an Emergency Reserve of approximately 6.1 percent. In contrast, the overall budget for the City and County of San Francisco has an Emergency Reserve Fund of approximately \$5 million and a General Reserve Fund of \$10 million, for a total of \$15 million. Based on the City's FY 1995-96 General Fund budget of approximately \$1.5 billion, the combined General Reserve and Emergency Reserve for the entire City's General Fund budget is approximately 1.0 percent, as compared to the Library's Emergency Reserve Fund of approximately 6.1 percent.
- 10. Ms. Teresa Serata of the Mayor's Office reports that the use of any additional cash from the Library Preservation Fund to finance equipment needs for the Library would result in a direct reduction of Library service hours in FY 1996-97. As of the writing of this report, the Budget Analyst has not been provided with documentation of this assertion from the Mayor's Office.
- 11. If the Public Library will need all or most of the \$2 million Emergency Reserve in FY 1996-97 to fund Public Library service hours as is being asserted by the Mayor's Office, then the Library Preservation Fund would cease earning additional interest income on this Fund Balance. As a result, there would be a savings of up to approximately \$573,000 for the Library Preservation Fund to purchase the proposed automation equipment on a cash basis as opposed to using lease revenue bonds from the San Francisco Finance Corporation, as is being proposed under this legislation.
- 12. Ms. Deborah Vincent-James of the Electronic Information Processing Steering Committee (EIPSC) reports that EIPSC has reviewed the Public Library's automation technology plan and the proposed supplemental appropriation and has approved these requests. Ms. Vincent-James provided the Budget Analyst with written confirmation of this approval from EIPSC, which is included as Attachment II.
- 13. Ms. Stephanie Carlisle of the CAO's Office reports that if the Public Library does not use, or only uses a limited amount of the lease revenue bonds from the San Francisco Finance Corporation, there are seven other General Fund City Departments that would be able to use such

financing. These other General Fund City Departments, which include the Police Department, San Francisco General Hospital and Fire Department, and their requested equipment purchases are shown in Attachment III. According to Ms. Carlisle, these seven other City Departments do not have alternative funding sources for lease-purchasing equipment and must rely solely on the San Francisco Finance Corporation, which is currently at its limit for financing equipment.

#### Recommendation:

Given (a) that there is no clear financial benefit to the Public Library to lease finance the proposed project, (b) that if the Mayor's Office assertions are valid, the Library Preservation Fund Emergency Reserve would be needed to fund Library services and therefore would not generate interest earnings, such that there would be an estimated interest cost of up to approximately \$573,000 for the Library Preservation Fund to lease finance the proposed automation equipment and (c) that there are competing interests for the San Francisco Finance Corporations' limited resources, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakev

October 24, 1995

TOI David Price

FROM: Nancy Musser

SUBJECT: TECHNICAL SERVICES BUDGET DETAIL - 1995/96 SUPPLEMENTAL

Three major projects remain to complete the library's computerized public catalog before the opening of the New Main Library:

\* the inventory and cataloging of the reference books in the

Main Library's general collections,
\* the creation of a standardized system of author and subject entries for ease and accuracy in searching the catalog, and

\* the display of the library's magazine holdings in the catalog.

BUDGET ITEMS

#### \$275,000 Professional services

\* \$200,000

For a personal services contract with AIM (Advanced Information Management) to provide the staff and equipment to complete the cataloging and inventory of the books in the Main Library's reference collections. There are approximately 135,000 items that remain to be cataloged and inventoried at an est. average cost of \$1.50 each.

This project is critical to public service in the New Main Library. The library's reference books must be listed in the catalog with their locations for the public and staff to know that they are available and to make it possible for them to find and use them.

\* \$ 75,000

For a contract with OCLC (Online Computer Library Center) to create an authority control system to standardize and consolidate the personal names and subject headings in the computer catalog. 625,000 cataloging records (with an est. 2,500,000 names and subject entries) would be brought under authority control at a cost of \$0.12 each.

Standardizing the author and subject headings in the computerized catalog is the key to successful and easy searching for library books and materials. The vendor will review the headings used in our catalog, establish a single standard heading for each name and subject used, and consolidate and index the entries so that all works by an author, and subjects dealing with a topic, are brought together in one place, under one heading, and cross references are made from all the headings that are not used. For example, Movies SEE Motion pictures, Films

P03

SEE Motion pictures, Cinema SEE Motion pictures, etc. Without authority control, the person looking for books under the headings "Movies", "Films", and "Cinema", would find a partial listing, or nothing listed on the subject.

#### \$ 31,270 Temporary salaries

\* \$ 25,700

Funding to hire a 3630 librarian trained in authority work for (8) eight months (salary at Step I) to negotiate the contract, write the technical specifications, work with the vendor to prepare the database for the project, resolve problems, provide the quality review of the finished product and authorize the payment of invoices.

\* \$ 5,570

Funding to hire a part-time (15 hr. per week) 3602 Library Page for (8) months to assist the Librarian with data input and retrieval, record corrections, searching for books, and other miscellaneous project related tasks.

\$ 8,027 Mandatory Fringe Benefits

(8) Eight months fringe benefits for the 3630 Librarian and 3602 part-time Library page.

\$111,585 Equipment Purchase

To purchase the equipment and software to make the library's magazine holdings and their locations available to the public.

\* \$ 35,593

Hardware platform and software configuration for INNOPAC with a DEC Alpha CPU.

\* \$ 70,200

INNOPAC acquisitions software module @ \$23,500 Data access license (8,000 order records) @\$3,200 User access licenses (20 ports) @ 39,000 Electronic serials claiming @\$4,500

\* \$ 5,792

One day on-site maintenance service (including expenses) for (8) months @ \$ 724 per month.

Magazines are a major component of the library's collections. With this equipment and software the library will be able to display its periodical holdings in the catalog, making them available to the public and staff in the New Main Library and the 26 branches. Currently this information is available only in a paper catalog that is now out of date.

### SUPPLEMENTAL BUDGETARY ITEMS BREAKDOWN SUPPORT SERVICES/AUTOMATION

October 24, 1995

#### Equipment Purchase

Hardware, including data terminals, PC's, volce-output terminals (for people with visual impairments and people with learning disabilities), network servers, multimedia presentation and authoring workstations, software, special workstations for children, scanner, printers, ADA workstations, video equipment, move of the computer system, data telecommunications configurations.

\$1,162,000

#### Training

\* The training of 8 Automation Services technical staff for unlimited training passes to learn the new systems and for handling daily operations and support for a highly complex system and network.

\$ 25,000

#### Equipment Maintenance Services

This fiscal year marks the first year that the Library will be at full capacity in regards to the planned network of 1100+ devices. This is a first-time maintenance cost for all system-wide equipment that will no longer be covered under warrant. Also includes some AV maintenance costs.

\$113,895

#### Materials and Supplies

A/V supplies of video tape stocks; audio tape stock; projector bulbs; audio and video cables; film leader; film take up reels; lighting supplies and gels; security devises; edit tabs; gaffers tape; audio/video tape degausser that is used in the recordings of the Blind and Print Handicapped quarterly newsletter and voter's information handbook; portable audio cassette recorder.

\$ 2,000

#### Equipment Lease/Purchase

This will pay off the existing lease with Digital Equipment Corporation and includes also the payments that cover the design and implementation of the new computer room and a highly sophisticated data telecommunications network. This will eliminate the refinancing of our DEC lease and move the technology lease to the City Finance Corporation.

\$2,149,470

#### Services of the Department of Electricity

\* These monies are to maintain online access to the branch libraries. This is a standard maintenance charge to maintain service through Pacific Bell data circuits for connection to the central computer processing unit located in the Main Library.

\$360,103

Attachment I Page 4 of 4



#### SUPPLIES FOR PROCESSING NEW MAIN LIBRARY COLLECTIONS

#### FOR APRIL 16, 1996 OPENING

In addition to the funds in the library's 1995-96 budget, the following supplies are needed to insure that materials being purchased for the new Main Library are shelf ready on April 16, 1996.

#### Technical Services

Tattletape Security Strips	\$ 7,300
Label Protectors	2,000
Pam Binders for Sheet Music	5,000
Mylar to encapsulate Large Maps	1,000
Date Due Slips	2,000
Magazine Binders	13,000
(1,000 binders) *	
J-lar Tape	5,000

Subtotal \$37,300

#### Main Library

Gressco Security Cases	\$17,700
Departments:	
Government Information Center	5,900
Moving Image Archivist	5,000
Dorothy Starr Collection	3,400
Special Collections	3,375
General Collections	2,000

Subtotal \$37,875

GRAND TOTAL: \$75,175\*\*

\*Would fund new binders for all display copies of new Main Library magazines.

\*\* Rounded to\$75,000 in the budget.

COTS 08/29/95 REV: 10/25/95



#### CITY AND COUNTY OF SAN FRANCISCO ELECTRONIC INFORMATION PROCESSING STEERING COMMITTEE

Edward Harrington, Controller EIPSC Chair

DATE:

October 31, 1995

TO:

Debra Newman, Budget Analyst

Board of Supervisors

FROM:

Deborah Vincent-James dumble EIPSC Staff Di-

SUBJECT:

New Public Library Supplemental Appropriation

The Electronic Information Processing Steering Committee has reviewed and approved the New Public Library Supplemental Appropriation. The supplemental appropriation incorporates information technology automation, software, equipment and telecommunications for the New Main Library.

> 401 Van Ness Avenue, Room 433 San Francisco CA 94102 Phone (415) 554-4141 - Fax (415) 554-4047

> > **E**BOM

MA61:E 2001-11-1

City and County of San Francisco Lease Revenue Bonds Additional Equipment Approved for Lease Financing in 1995-96

Department	Equipment	# Units	Total Cost	Lease Term
•				
Department of Parking and Traffic	3 Wheel Vehicles	15	262,500.00	3
Reproduction/Mailroom	Network Publisher	1	298,400.00	3
Reproduction/Mailroom	Mail Inserter	1	244,200.00	3
Police Dept.	Solo Motorcycles	10	97,700.00	3
Police Dept.	Trail Motorcycles	7	67,900.00	3
Police Dept.	Patrol Wagons	2	72,000.00	3
Police Dept.	Unmarked Vehicles	40	926,000.00	3
San Francisco General Hospital	Various Medical Equipment		2,000,600.00	4
Sheriff	Marked Vans	5	110,800.00	3
Hetch Hetchy	Hydraulic All Terrain Crane	1	314,000.00	5
Fire Dept.	Pumpers	4	1,000,000.00	7
Fire Dept.	Aerials	2	940,000.00	7
Fire Dept.	One ton Truck	1	25,000.00	
Fire Dept.	Valve Unit	1	50,000.00	
	Total		6,409,100.00	



SF SGJ 07 +2 11/8/95

# MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

AUG 2 SAN FRANCI PUBLIC LIER

WEDNESDAY NOVEMBER 8, 1995 – 1:00 P.M. ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:11 P.M.

#### RELEASE OF RESERVE

File 94-91-4.16. [Reserved Funds, Public Transportation Commission]
 Consideration of release of reserved funds, Public Transportation Commission,
 (UMTA Section 9 Formula Assistance) in the total amount of \$177,100, to
 continue capital and operating project activities. (Public Transportation
 Commission

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 15, 1995.

VOTE: 2-1. (Supervisor Bierman absent.)

#### REGULAR CALENDAR

#### **PUBLIC HEARING**

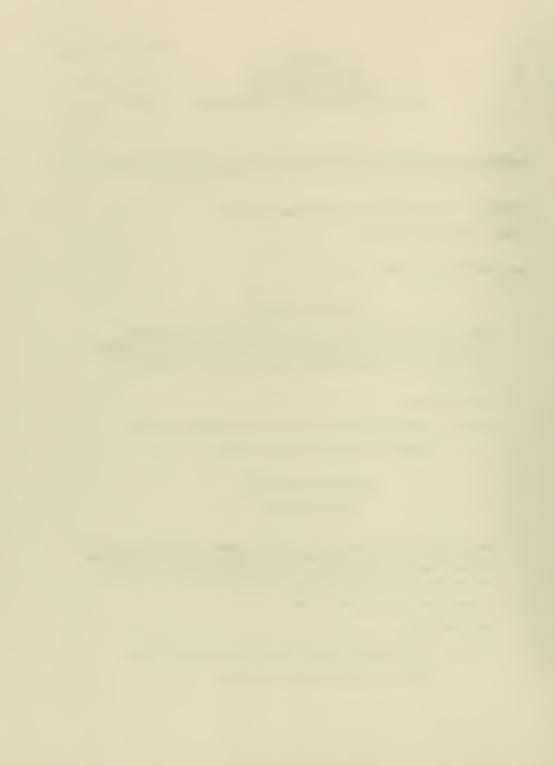
2. <u>File 100-95-12</u>. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 11/1/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 15, 1995.

VOTE: 2-1. (Supervisor Bierman absent.)



#### GENERAL ITEM

3. File 96-95-5. [Sale of Surplus Property] Ordinance authorizing the sale of surplus City-owned property, Assessor's Block 1260, Lot 22, and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Tony DeLucchi, Director, Real Estate Department. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

#### FISCAL ITEMS

4. File 101-95-24. [Appropriation, Department of Public Health-Community Health Services] Ordinance appropriating and rescinding \$143,379, Department of Public Health-Community Health Services, for salaries and fringe benefits for the creation of one (1) position and deletion of (1) position for fiscal year 1995-96. (Controller) RO #95059 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 15, 1995,

MEETING.

VOTE: 3-0.

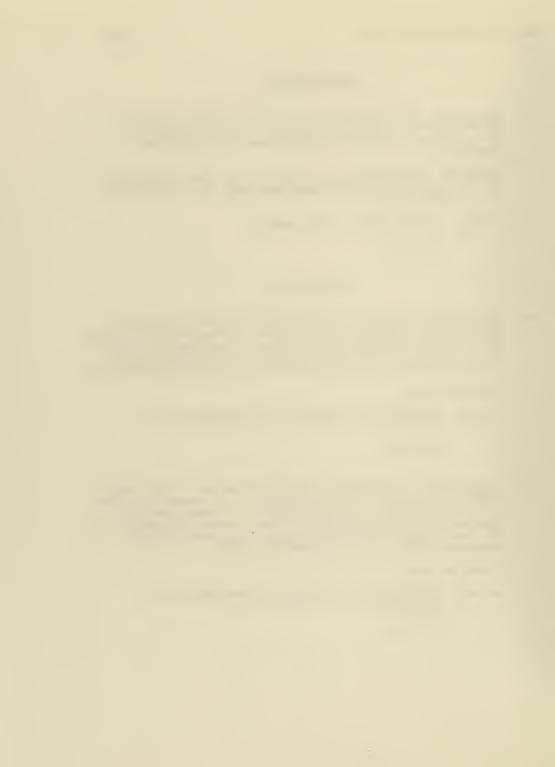
5. File 102-95-6. [Salary Ordinance Amendment, Department of Public Health]
Ordinance amending Annual Salary Ordinance 1995-96, Ordinance No. 256-96,
reflecting the deletion of one (1) position (Class 2235 Medical Director,
Department of Health) and the addition of one (1) position (Class AB04 Medical
Director, Emergency Medical Service Agency). (Department of Human
Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 15, 1995,

MEETING.

VOTE: 3-0.



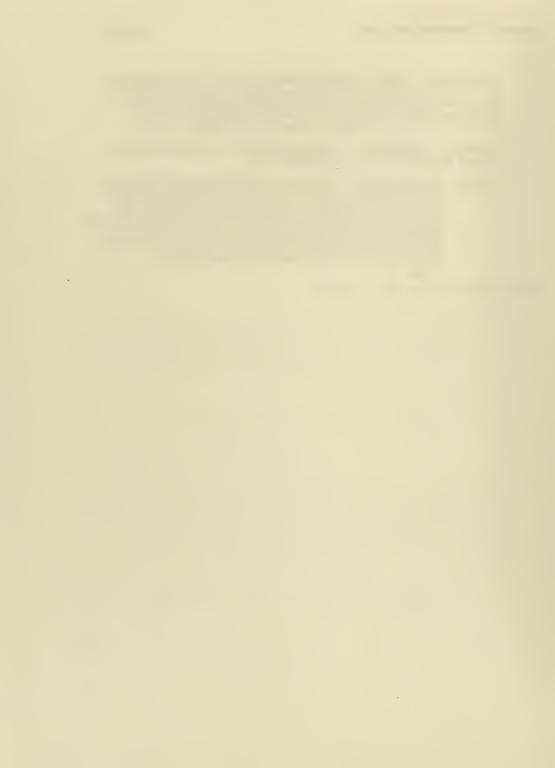
6. File 101-95-25. [Appropriation, Department of Public Health-Community Health Services] Ordinance appropriating \$450,000, Department of Public Health-Community Health Services, from the General Fund Reserve for professional services to implement the Medi-Cal Managed Care Local Initiative for fiscal year 1995-96. (Controller) RO #95064

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED.
Add a Section 2 to provide for ratification of action previously taken. AMENDED TITLE: "Ordinance appropriating \$450,000, Department of Public Health-Community Health Services, from the General Fund Reserve for professional services to implement the Medi-Cal Managed Care Local Initiative for fiscal year 1995-96. Providing for ratification of action previously taken."

VOTE: 3-0.

TIME MEETING ADJOURNED: 1:24 P.M.



Attn: Kate Wingerson

S90 C7

1/3/95

CITY AND COUNTY



OF SAN FRANCISCO

#### BOARD OF SUPERVISORS

DOCUMENTS DEPT. NOV 0 7 1995

**BUDGET ANALYST** 

SAN FRANCISCO

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 PUBLIC LIBRARY FAX (415) 252-0461

November 3, 1995

TO:

Budget Committee

FROM:

Budget Analyst Records Analyst

SUBJECT: November 8, 1995 Budget Committee Meeting

Item 1 - File 94-91-4.16

Department:

Public Transportation Commission (PTC)

Municipal Railway (MUNI)

Item:

Hearing to consider release of reserved funds, Public Transportation Commission, Urban Mass Transit Administration (UMTA) Section 9 Formula Assistance, in the amount of \$177,100, for the purpose of fixed facility

improvements.

Amount:

\$177,100

Source of Funds:

Federal Urban Mass Transit Administration (UMTA) Section

9 Formula Assistance

Description:

In May, 1991, the Board of Supervisors previously approved a resolution (File 94-91-4) authorizing the Municipal Railway (MUNI) to apply for, accept and expend a total of \$17,268,900, consisting of \$13,815,120 of Urban Mass Transit Administration (UMTA) Section 9 Formula Assistance funds, and \$3,453,780 in required matching funds (funded through a combination of State and local funds including State Transit Assistance Funds, State Transportation Development Act Funds, State Transportation Development Act funds,

Memo to Budget Committee November 8, 1995

local half-cent Sales Tax revenues and MUNI capital project funds).

Of the \$17,268,900 authorized by the Board of Supervisors, a total of \$13,982,500 was placed on reserve pending a specification of budgeted expenditures for equipment, vehicles, data processing and contractual services (including hourly rates and the MBE, WBE or DBE status of the contractors). Subsequently, the Board of Supervisors released a total of \$12,651,042 in reserved funds. The requested release of reserved funds of \$177,100 would leave a balance on reserve of \$1,154,358.

Comment:

As of the writing of this report, the Municipal Railway (MUNI) has been unable to specify how the requested reserved funds would be used, including a specification of whether contractual services would be utilized, the MBE/WBE status of the contractors and proposed hourly rates. Therefore, the Department is requesting that the proposed hearing be continued for one week until the Budget Committee meeting of November, 15, 1995, pending the submission of these cost details.

Recommendation:

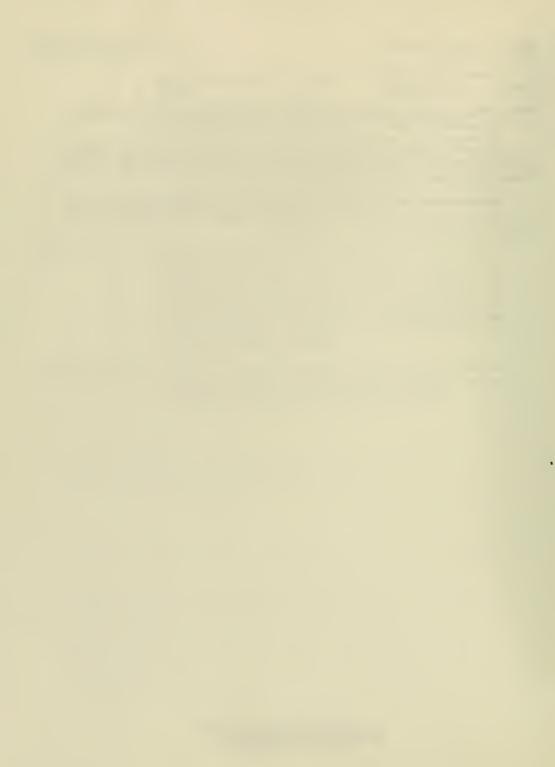
Continue the hearing to consider release of reserved funds for the Public Transportation Commission for one week until the Budget Committee meeting of November 15, 1995. Memo to Budget Committee November 8, 1995

#### Item 2 - File 100-95-12

Note: This item was continued by the Budget Committee at its meeting of November 1, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.



Memo to Budget Committee November 8, 1995 Budget Committee Meeting

#### Item 3 - File 96-95-5

**Departments:** Real Estate Department

Department of Public Works (DPW)

Item: Ordinance authorizing the sale of surplus City-owned

property, Assessor's Block 1260, Lot 22; and adopting

findings pursuant to City Planning Code Section 101.1.

**Amount:** \$25,000

Description:

The proposed ordinance would authorize the sale of 854 square feet of vacant City-owned land. This vacant land, which is under the jurisdiction of the DPW, is located on Duboce Avenue between Castro and Divisadero Streets, and

Duboce Avenue between Castro and Divisadero Streets, and has been declared as surplus to the City's needs. The proposed buyers, Mr. Norman Mages and Ms. Ruth Noel, presently own a single family residence on land adjacent to

the subject property.

The proposed ordinance would authorize the sale of the 854 square feet of surplus vacant land to the above-noted persons for \$25,000, without seeking competitive bids for the sale of such property. According to Mr. Steve Hoppe of the Real Estate Department, competitive bidding with respect to this property would be impractical because the property has limited development potential due to (1) the small size of the lot and (2) an easement on the property, which is reserved to the City for the maintenance of a retaining wall on the property.

Comments:

- 1. Mr. Hoppe advises that the sales price, in the amount of \$25,000 or approximately \$29.27 per square foot, represents the fair market value of the property.
- 2. The Department of City Planning reports that the proposed sale of the subject property is (a) in conformity with the Master Plan, (b) exempt from an Environmental Impact Review (EIR), and (c) consistent with the eight priority policies of Planning Code Section 101.1
- 3. According to Mr. Hoppe, the proceeds to the City of \$25,000 from the sale of the surplus property would initially be deposited to the Realty Trust Fund. Once these monies are deposited to the Fund, the Real Estate Department's expenses for processing the sale of this property would be deducted. The remaining monies would be allocated to the DPW. Such monies could then only be appropriated for use by

Memo to Budget Committee November 8, 1995 Budget Committee Meeting

the DPW to either acquire additional property for the City or to pay for other capital improvements.

Recommendation: Approve the proposed ordinance.

Memo to Budget Committee November 8, 1995

Items 4 and 5 - Files 101-95-24 and 102-95-6

**Department:** Department of Public Health Community Health Services

Item: Item 4, File 101-95-24 - Ordinance reappropriating \$143,379

for salaries and fringe benefits for the creation and deletion one (1) position for the Department of Public Health

Community Health Services for FY 1995-96.

Item 5, File 102-95-6 - Amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995-96) to reflect the deletion of one position and the addition of one position in the Department of Public Health, Community Health Services

**Amount:** \$143,379

Source of Funds: Reappropriation of surplus funds in the Department of Public

Health FY 1995-96 Budget

Description: The Department of Public Health (DPH), Community Health Services Division is requesting the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical Director, Emergency Medical Services Agency (EMSA)

position. The DPH requests that \$143,379 in surplus monies be rescinded from Permanent Salaries, Fringe Benefits, and Salary Savings in the DPH's existing FY 1995-96 budget, and reappropriated to fund the reclassification of the Medical

Director position.

The DPH reports that the Department has attempted to recruit and hire a permanent Medical Director for the Emergency Medical Services Agency (EMSA) for two years and has not been able to attract qualified candidates because the existing salary of the 2235 Medical Director is lower than prevailing rates for an emergency medicine specialist in comparable counties.

The DPH is seeking reclassification of the Medical Director position which would increase the biweekly wage rate from \$3,966 - \$4,821 to \$4,753 - \$5,778. At the top step, the annual salary of the new classification will be \$150,806 or \$24,978 (19.9%) more annually than the annual salary of \$125,828 for the existing position.

The Department reports that the EMSA Medical Director requires board certification in emergency medicine, which is a qualification that commands a higher salary than that of other Medical Directors in the Department. The DPH reports

#### Memo to Budget Committee November 8, 1995

that the proposed wage rate is consistent with that of associate level emergency medicine physicians working at San Francisco General Hospital.

The proposed ordinance (File 102-95-6) would amend the FY 1995-96 Annual Salary Ordinance to reflect the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical Director, EMSA position, for the DPH's Community Health Services Division.

#### **Budget:**

The DPH is currently engaged in a national search for a Medical Director for the EMSA, and plans to have the position filled by February 1, 1996. The required funds that would be needed for Salaries and Fringe Benefits for the new AB04 Medical Director position, at a biweekly salary of \$4,753 at the first step, for 11 pay periods (February, 1, 1996 through June 30, 1996) is as follow:

AB04 Medical Director, EMSA - (1 FTE)	
Salaries	\$52,283
Fringe Benefits	9,934
Total AB04 Medical Director	\$62,217

#### Comments:

- 1. As noted above, the anticipated start date of the new AB04 Medical Director position is February 1, 1996, meaning that the DPH would only be able to fill this position for a total of 5 months or 11 pay periods, during FY 1995-96. Therefore, the proposed request for Salaries should be reduced by \$72,451 from \$124,734 to \$52,283, and the proposed request for Fringe Benefits should be reduced by \$8,711, from \$18,645 to \$9,934 to reflect the cost for 5 months of Salaries and Fringe Benefits instead of 12 months. As such, the proposed total request should be reduced by \$81,162, from \$143,379 to \$62,217.
- 2. Dr. Mitchell Katz, M.D., Director of the DPH's Epidemiology, Disease Control and AIDS (EDCA) Division, advises that in September, 1993, an Emergency Medicine certified physician was hired to serve as the Interim Medical Director for the EMSA until a permanent Medical Director was found, but the Interim Medical Director resigned in February, 1995. Dr. Katz advises that in addition to his current duties as Director of EDCA, he has also been performing the duties of the EMSA Medical Director since February, 1995. Dr. Katz, further advises that because the EMSA Medical Director position requires Board Certification in Emergency Medicine, there are no DPH employees that are qualified for this position.

- 3. Attachment I is a Memorandum from Dr. Katz to the Budget Analyst Office stating the DPH's position on the proposed reclassification of the EMSA Medical Director position. Dr. Katz' Memorandum references the following Sub-Attachments: a) Letter from a doctor that was offered the Medical Director position, stating that family concerns and inadequate benefits were reasons for declining the 2235 Medical Director position, b) Memorandum from Ms. Arla Escontrias, Affirmative Action Specialist, to Ms. Abbie Yant. Assistant of the EMS Agency, recommending " . . . not continuing this recruitment [for an EMSA Medical Director] unless the department [DPH] considers increasing the salary or lowering the minimum qualifications." (Ms. Escontrias advises that although her title is Affirmative Action Specialist, she also handles all other administrative recruitment procedures for the DPH), and a c) Survey, conducted by the DPH, which shows a comparison of EMSA Medical Director hourly wages for various Counties throughout California.
- 4. The Survey (Attachment Ic) uses hourly rates as a basis for comparison because all of the surveyed counties, with the exception of San Francisco, employ part-time EMSA Medical Directors on a contract basis. The survey shows that the hourly rate for San Francisco's existing 2235 Medical Director position at the top step (\$60.26/hr.), is higher than the hourly rate for Contra Costa County (\$60.00/hr.) and Orange County (\$58.64/hr.), but lower than Alameda County (\$71.63/hr.) and San Diego County (\$82.69/hr.). The hourly rate for the proposed new AB04 Medical Director, EMSA position ranges from \$59.41 at the lowest step to \$72.23 per hour at the top step, plus benefits. Among the 5 counties to respond to the survey, the City and County of San Francisco is the only County to provide benefits for their EMSA Medical Director.
- 5. Ms. Linda Marini, of the Department of Human Resources, reports that the only other Civil Service position within the City to earn an annual salary of more than \$150,806 at the top step (proposed AB04 Medical Director salary at the top step) is classification 1164 Administrator, SFGH Medical Center. The annual salary of the 1164 Administrator, SFGH Medical Center, at the top step is \$165,265. The proposed AB04 Medical Director's salary in the amount of \$150,806 at the top step is higher than the annual salary of the Director of Public Health (\$135,459 at the top step), and the annual salary of the Mayor (\$138,669).

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Memo to Budget Committee November 8, 1995

> 6. Attachment II is a memorandum from Mr. Wendell Prvor. Director for the Department of Human Resources (DHR). Mr. Pryor's memorandum states that the DHR cannot make a final classification/compensation recommendation for the proposed reclassification until additional information is received from the DPH and analyzed by DHR staff. Mr. Pryor's memorandum lists the information that would be required in order for the DHR to make a final decision on the proposed reclassification.

- Recommendations: 1. In accordance with Comment No. 1 above, reduce the proposed ordinance by \$81,162, from \$143,379 to \$62,217, to reflect the cost for five months rather than full-year salary and fringe benefit costs for the proposed AB04 Medical Director, EMSA position (101-95-24).
  - 2. The Budget Analyst recommends that the proposed appropriation ordinance (File 101-95-24) as amended, and the proposed amendment to the Annual Salary Ordinance (102-95-6), which would reclassify a 2235 Medical Director, DPH position to an AB04 Medical Director, Emergency Medical Services Agency position, at an annual increase in salary of \$24,978 or 19.9 percent from \$125,828 to \$150,806 at the top step, be continued to the Call of the Chair, pending a) submission to the DHR, by the DPH, of all information requested in Mr. Pryor's memorandum (Attachment II) and, b) submission to the Budget Committee, by the DHR, of a recommendation regarding the proposed reclassification.

#### City and County of San Francisco

#### Department of Public Health



#### MEMORANDUM

October 31, 1995

TO:

Mikyung Kim

Budget Analyst

FROM:

Mitchell H. Katz, MD Nature & Interim Medical Director, EMS Agency

Director, Epidemiology, Disease Control & AIDS

I have received your request for written justification about the EMSA Medical Director and am happy to provide this information. As you know the Health Department is requesting a supplemental appropriation in order to fill this critical position. I am supplying you with a brief description of the EMS Agency (EMSA), a list of the duties and needed qualifications of the EMSA Medical Director, an explanation of why we are seeking an increase in salary for the EMSA Medical Director, the consequences of having this position vacant,

The EMS Agency is responsible for coordinating all health aspects of the 911 Emergency Medical System in San Francisco. This system receives over 65,000 emergency calls a year and transports over 40,000 San Francisco residents and visitors a year. The providers who are regulated by this agency include the Fire Department first responders, Central-medical Dispatch, the public paramedics, three private agency paramedics, 10 receiving hospitals, a single base hospital (which provides consultative services to the paramedics), and a trauma center. In addition the agency is responsible for planning the Disaster Preparedness and Response needs for the entire Health Department.

Every county is required to have an EMSA Medical Director by the State of California.

A list of the Responsibilities of the EMSA Medical Director and the Qualifications are listed below.

#### Responsibilities include:

- 1. Plans, implements, and evaluates the EMS System.
- 2. Ensures quality emergency medical services are delivered through policy, procedure, protocols, and standards.
- 3. Advises the Director of Health and the Deputy Director of Health on matters pertaining to emergency medical issues with the Department of Health and the Emergency Medical Services System.

- Represents the Department of Health to outside agencies and the general community on emergency medical issues.
- Participates in committees and professional organizations related to EMS including the San Francisco Emergency Physicians Association and the State EMS Medical Directors Association.
- Certifies pre-hospital personnel according to State and local regulation and provides for disciplinary action as needed.
- 7. Actively interacts and consults regarding EMS with department and community physicians.
- 8. Reviews and approves pre-hospital training programs.
- 9. Provides emergency medical input into department disaster plans.
- 10. Provides for special studies and research of EMS to improve EMS services.
- 11. Performs other duties as assigned by the Director of Health.
- 12. Develops, implements, and monitors budget.

#### Qualifications (Required):

- Possession of a valid license to practice medicine issued by the California Medical Board.
- Board certification by the American Board of Emergency Medicine.
- Three years experience in emergency medicine.
- At least one year of experience working in an administrative position within EMS.

The Department has requested and received an "A" Class number for this position at FY 95/96 Salary schedule 81.0 \$4,753 B 5,778 because of the difficulties recruiting a qualified individual for this position at the previous salary.

Specifically, when the original incumbent resigned from the EMSA position in Class 2235 Medical Director, another provisional appointment was made and a national search for a permanent replacement launched in September 1993. The recruitment drive resulted in the receipt of only four applications, two of which met the minimum qualifications. The incumbent did not wish to be considered for a permanent appointment and therefore did not file an application. One of the two candidates who were interviewed was deemed successful and he was offered appointment to the position. Unfortunately, he declined the position several months later, partially due to the non-competitive salary and benefits package (See attached March 1994 letter to Larry Meredith, Ph.D., Deputy Director of Operations, DPH). Other recruitment difficulties are further detailed in the attached December 12, 1994 memo from Arla Escontrias, Affirmative Action Specialist to Abbie Yant, Assistant Director, EMSA.

A recent salary survey of comparable positions within other jurisdictions (Copy attached) does confirm that two of the four (50%) responding agencies have a more competitive salary than the top rate for the subject position. Further analysis indicates also that the recommended FY 95/96 salary of Schedule 81.00 \$60.00 H 73.00 for the subject "A" Class is more competitive and should therefore facilitate recruitment of more qualified applicants for the position.

Because of the State mandated requirement that there be an EMSA Medical Director, there has always been a physician functioning as an Interim Medical Director. When the last permanent Medical Director left in September 1993, an Emergency Medicine certified physician agreed to serve as the Interim Medical Director only until a permanent medical Director was found. He

Memo: Mikyung Kim

was not interested in applying for the permanent position. In fact, he resigned in February of 1995 prior to the selection of a new Medical Director. Unfortunately, the recruitment effort failed and I have served as the Medical Director for the agency since February of 1995 in addition to my permanent position (Director, Epidemiology, Disease Control & AIDS; Budget: 80 million; Staff: 380 positions).

The lack of a permanent medical director has had a negative impact on the EMSA and the city. Although I have been able to maintain core functions, several important functions have not been fulfilled. We have done very little training, both of paramedics and of the general population (e.g., bystander CPR, first aide). We have done little outreach to the community to learn how to make EMS services more responsive to their needs. In the past the EMSA has done a great deal of research on out-of-hospital care. Because of the lack of a Medical Director we have received less research funds this year than in past years (Research funds in FY 95-96 are \$90,000 compared to over \$200,000 two years ago). Finally, the lack of a Medical Director has had a detrimental effect on morale through the EMS system. The city has been publicly criticized by the San Francisco Emergency Physician's Association and the San Francisco Paramedic Division for our failure to hire a full-time, permanent Medical Director. To these groups our failure indicates that we do not prioritize these services despite the fact that the lives of San Francisco's residents and visitors depend on it.

cc: Sandra Hernández, MD Anne Kronenberg

Design Poc

Paul Krochmal, MD

800 Yillage Walk #286 Gülford, CT 06437

ΤO

March 27, 1995

Larry Meredith, PhD
Deputy Director of Operations
Department of Fublic Health
101 Grove
San Francisco, CA 94102

Dear Dr. Meredith:

I am sorry to tell you that I must withdraw from consideration for the position of EMS Medical Director. My reasons are primarily personal.

The position in San Francisco is more interesting than any other I have considered. The people are great and San Francisco is fascinating. However, I have come to the conclusion that this would be a very awkward moment in time for me to move so far from my elderly parents.

In all fairness, I am also concerned about the total compensation package. While money is not everything, the benefit package is about as slim as it gets. Two weeks of vacation for 5 years! \$500/year in tuition? Nevertheless I would be interested enough in this position to be willing to subsidize San Francisco if it were not for my family situation. The marginal compensation would make it very difficult to get to the East Coast on a regular basis.

I can't thank you enough for all you have done. Please express my regrets to the others.

Sincerely,

Paul Krochmal, MD, FACEP

Mil 9 3 0 1995

#### City and County of San Francisco

#### Department of Public Health



December 12, 1994

To:

Abbie Yant, Assistant of EMS Agency

From:

Arla Escontrias Affirmative Action Specialis

Re:

EMS Medical Director Recruitment

During the last four (4) months I have worked with you to recruit a pool of qualified candidates for the EMS Medical Director position.

You took the responsibility to mail out the job announcements to various EMS agencies to place advertisements in national, state wide and local EMS journals. As a follow up to your direct mail out I made several phone calls to the individuals and agencies on your mailing list and to my contacts. Unfortunately my efforts were not well received because I was told the salary (\$49.13-59.73 hourly) was too low. I was advised by ten (10) doctors that the salary is much to low for this type of position with these responsibilities. The doctors I spoke with stated that the salary is not competitive (\$86.53 hourly) with what other medical directors are currently making. It was suggested that if the department does not raise the salary then the minimum requirements for should be lowered to attract physicians with little or no experience.

I also called Dr. Pointer in Florida hoping that he might direct me to someone who may be interested in applying for the position or refer me to other recruitment sources. He sent me a fax stating that the salary is to low.

Recruitment for this position began in September. To date we have recruited four (4) applicants. I recommend not continuing this recruitment unless the department considers increasing the salary or lowering the minimum qualifications.

Should you have any questions or suggestions how to proceed please contact me at 554-2597.

cc:

Dr. Doug Goldman Larry Meredith Rafael Centeno Gloria Louie

Sub-Attachment I pg. 1 of 3

### · City and County of San Francisco



Department of Public Health Classification,

**Recruitment & Selection Units** Building 10, Ward 13 1001 Potrero Avenue

San Francisco, CA 94110

lot to more rests, mil INTEROFFICE MEMORANDUM

رد

7 5/25/95

Date:

July 12, 1995

To:

Ed Gazzano

Human Resources Director

From:

Joel Hurwitz Personnel And

Through:

Yvette Stuart

Classification Manager

RE: 2235 EMSA SURVEY

As requested, attached are results of a survey of EMSA Medical Director positions in California with information specific to compensation, FTE, and MQ's.

If I can be of any further assistance, I can be reached at 206-5430. Please note that I will be on vacation until July 20, 1995.

JH/2235emsa.mem

Classification: 415-206-5198

Fax: 415-206-6005

Recruitment: 415-206-8084

COMMENTS

comparable position.

Per Sheryll Hailey-

Per Katey Gaier-no

comparable position

no comparable position.

LOCATION

Sue Farrin

573-2367 L.A. County

Sheryll Hailey

213-890-7545

Marin County Katey Gaier

499-6104

## CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY,7/95

MO's

COMPENSATION

	AND FIE		
City And County Of S.F.	Class 2235 Med Dir. \$49.5750H60.2625	Bd. Cert. In Emergency Med.  5 years employment as a ER Physician.	Provides benefits
Alameda County Olivia Williams Personnel Director 510-268-2570	\$71.63H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	Two year contract for a total of \$149,000 for a .5 FTE Med. Dir., No benefits.
Contra Costa County Lauren Caldwell Asst. Dir. EMSA 510-646-4690	S60.00H/.5FTE	Bd. Cert. In Emergency Med. Substantial Exp. and employment as a ER Physician	Currently vacant  No benefits
Orange County Betty O'Rourke Dir.EMSA 714-568-4283	\$58.64H/.75FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	The actual compensation is \$106,000 per year for a .75 FTE Med. Dir., No benefits.
San Diego County Bruce Leicht Prin. Adm. Anal EMSA 619-285-6430	\$82.69H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	No benefits
San Mateo County			Per Sue Farrin-no

CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY, 7/95 (Continued)
Page #2

LOCATION	COMPENSATION AND FTE	<u>MO's</u>	COMMENTS
Sacramento County Randy Lee 916-366-2553			No responde to survey
Santa Clara County Jan Walter 408-885-5450			No responce to survey

JH/2235EMSA

#### City and County of San Francisco



#### Department of Human Resources

WENDELL L. PRYOR, HUMAN RESOURCES DIRECTOR

#### **MEMORANDUM**

Date:

November 3, 1995

To:

Harvey Rose

Board of Supervisors' Budget Analyst

From:

Wendell IL Proof

Human Resquires Directo

Subject:

Medical Director, EMSA Reclassification

"A" classes are temporary code numbers which are issued when preliminary information suggests that use of existing classes may not be warranted, yet the positions require additional classification review to determine the appropriate class. AB04 was issued at the request of the Department of Public Health, which indicated that recruitment difficulties and the unique nature of this critical position, including the highly specialized skills and certifications required, necessitate a higher level class. A final classification/compensation recommendation cannot be made by the Department of Human Resources until the information listed below is received from the Department of Health and analyzed by DHR staff:

- A completed job analysis questionnaire describing the duties and responsibilities
  of the position.
- A survey of total compensation for comparable positions in other organizations to include salary and benefit information.
- An organizational chart of the Emergency Medical Services Agency delineating the reporting relationships and line responsibilities of this position.
- A classification analysis including documention of the level and concept of the position.
- A draft class specification.

dolimemo.wpe

Post-It* Fax Note 7671	Onto 11/3/95 pagos /
To Harry Rose	From (1) endell (Proper
Co./Dept.	O. DIHR
Phone #	Phone # 55 7 - 49 44
Fax 1 252-0461	Fax #



Memo to Budget Committee November 8, 1995

Item 6 - File 101-95-25

**Department:** Department of Public Health (DPH)

Community Health Services (CHS)

Item: Ordinance appropriating \$450,000 from the General Fund

Reserve for Professional Services to allow the Department of Public Health-Community Health Services to implement the Medi-Cal managed care local initiative for Fiscal Year 1995-

96.

Code.

**Amount:** \$450,000

Source of Funds: General Fund Reserve

Description: In November of 1994, the Board of Supervisors approved an

ordinance that formally established a Medi-Cal managed care local initiative in San Francisco, known as the San Francisco Health Authority (File 97-94-73). The Board of Supervisors previously approved a resolution expressing the City's intention to create this entity (File 30-93-15), and approved a resolution (1) supporting State Assembly Bill (AB) 2755 which authorized the City to create a separate legal entity (the San Francisco Health Authority) to establish the local initiative component of the State's strategic plan for Medi-Cal managed care, and (2) supporting the governance structure for the City's Medi-Cal managed care local initiative, as set forth in AB 2755 (File 12-94-20). The responsibilities of the San Francisco Health Authority have now been established in Section 14807.36 of the State Welfare and Institutions

The San Francisco Health Authority is to function as a private health maintenance organization (HMO). The San Francisco Health Authority may contract with private and public hospitals, non-profit health providers, and private health providers to provide health services.

Ms. Tangerine Brigham of the Department of Public Health states that the 19 member governing body of the San Francisco Health Authority (See Comment No.1) developed a plan which estimates that in order to become operational, the San Francisco Health Authority would incur development, planning and start-up costs, including personnel, rent, equipment, operating expenses, and consulting services of approximately \$3.1 million over the approximately five-year and seven month period between September 1, 1994 and March 31, 2000. In September of 1994, the Board of Supervisors approved a resolution authorizing DPH to accept

#### BOARD OF SUPERVISORS BUDGET ANALYST

- -

and expend a State grant in the amount of \$1,137,500 to develop a Medi-Cal managed care local initiative (San Francisco Health Authority) between June 1, 1994 and December 31, 1995. The funds were committed to the City, on behalf of the San Francisco Health Authority, for the purpose of funding a portion of the above-noted costs for the San Francisco Health Authority, leaving a balance of approximately \$2 million still needed (File 146-94-20).

The governing body of the San Francisco Health Authority also proposed in its plan that of the remaining \$2 million needed for development, planning and start-up costs, \$1 million would come from the City's General Fund (to be paid over a three year period), \$250,000 from private agencies, and \$750,000 by withholding a portion of the San Francisco Health Authority's payments to providers over a two-year period.

In April of 1995, the Board of Supervisors approved a supplemental appropriation request of \$125,000 from the General Fund Reserve to fund implementation activities for the San Francisco Health Authority during the period of January 1, 1995 to June 30, 1995 (File 101-94-78). The amount of \$125,000 represented the City's FY 1994-95, or first contribution to the development of the San Francisco Health Authority. The proposed supplemental appropriation ordinance of \$450,000 represents the City's FY 1995-96, or second contribution to the implementation activities of the San Francisco Health Authority. According to Dr. Hernandez, Director of the DPH, (See Attachment 1) the San Francisco Health Authority will request its third and final contribution of \$425,000 from the City in FY 1996-97 for the development, planning and start-up costs related to the San Francisco Health Authority, and does not anticipate the need for additional General Fund monies at this time. Dr. Hernadez advises, however, that the San Francisco Health Authority may request the final payment of \$425,000 from the City, prior to FY 1996-97, if there is a delay in Federal funding for development, planning and start-up costs.

The proposed supplemental appropriation request of \$450,000 would provide funding for (1) the development of the San Francisco Health Authority's Knox-Keene HMO license application for the State Department of Corporations, (2) development of the Detailed Design Application for the State Department of Health Services, (3) development of State, provider and administrative contracts and (4) on-going operating expenses. The period of funding for these activities is six months, from September 1, 1995 to February 28, 1995.

Ms. Brigham advises that personnel have been performing these activities since September 1, 1995. Therefore, the proposed ordinance should be amended to provide for ratification of actions previously taken.

The \$450,000 funding request for the San Francisco Health Authority, retroactive from the period of September 1, 1995 to February 28, 1996, would be expended as follows:

License and Detailed Design Applications (\$282,870)
The funding would enable the Health Authority to hire 7.5
FTE staff to prepare the Knox-Keene Application and Detailed Design Application in order to operate as a licensed HMO.

The Knox-Keene Act is the regulatory legislation overseeing health maintenance organizations and other pre-paid health care service plans. The State Department of Corporations is responsible for ensuring compliance with Knox-Keene regulations. The San Francisco Health Authority must demonstrate compliance with the requirements of the Knox-Keene Act by submitting an application to the State Department of Corporations which includes detailed documentation demonstrating that the San Francisco Health Authority: (1) has the ability to provide a full range of required services to members, assuring that these services are accessible and of high quality, (2) has the operational capability to pay providers and (3) is financially solvent. In addition, the San Francisco Health Authority must also submit a Detailed Design Application (DDA) to the State Department of Health Services providing information on its health care delivery system, quality review systems and the provider network.

The proposed funding, in the amount of \$282,870, would be used to fund 7.5 FTE positions to complete the Knox-Keene Application and the Detailed Design Application during the six month period beginning September 1, 1995 to February 28, 1996.

Operating Expenses (\$132,630):

The amount of \$132,630 would be used to fund operating expenses incurred during the six month time period beginning September 1, 1995 to February 28, 1996.

Legal Services (\$34.500):

These funds would be used to provide for legal services related to obtaining a Knox-Keene license, as well as, the development of the San Francisco Health Authority's (1)

provider and administrative contracts, and (2) Health Services Plan contract with the State Department of Health Services. In order to formally participate as a provider in the Health Authority's network, each eligible health care provider must enter into a legally binding contract with the San Francisco Health Authority. The legal services will be provided by Mr. Eric Gold, an attorney, at a rate of \$150 per hour for 230 hours for a total of \$34,500. According to Ms. Brigham, Mr. Gold was selected on a sole source basis by the San Francisco Health Authority based on his expertise in the areas of contract development, anti-trust laws, and Knox-Keene regulations, and because he is already providing similar services in the area of contract development, to the San Francisco Health Authority. Mr. Gold is not an MBE or WBE firm. According to Ms. Brigham, the City Attorney provides legal analysis to the City on issues relating to the San Francisco Health Authority in areas with potential direct impact to the City. In addition, Ms. Brigham advises that the San Francisco Health Authority is a separate legal organization from the City and therefore uses its own legal counsel. According to Ms. Paula Jesson of the City Attorney's Office, if the San Francisco Health Authority uses an attorney from the City Attorney's Office, a potential conflictof-interest could occur in that when the San Francisco Health Authority becomes a HMO, the San Francisco Health Authority will be contracting with a network of providers, one of which will be the City and County of San Francisco.

#### Comments:

- 1. The San Francisco Health Authority is governed by a 19 member governing body. The members of the governing body include the Director of Public Health, the Director of Mental Health, the Chancellor of the University of California at San Francisco, 14 members who are appointed by the Board of Supervisors, one member appointed by the San Francisco Health Commission, and one member appointed by the Mayor, as designated by California Welfare and Institutions Code, Section 14807.36.
- 2. Ms. Brigham advises that when the Knox-Keene Application and the Detailed Design Application are completed, the 7.5 FTE which have been hired to complete these applications will continue to be employed by the San Francisco Health Authority. These personnel will fill positions which the San Francisco Health Authority is required to fill in order to be in compliance with the Knox-Keene regulations. Ms. Brigham advises that after the San Francisco Health Authority receives its final General Fund payment from the City for development, planning and start-up

costs for the San Francisco Health Authority, these positions will be funded by State funds.

3. Attachment II, provided by DPH, contains a detailed expenditure list for this entire \$450,000 request, including details for the (a) License and Detailed Design Applications (\$282,870), (b) Operating Expenses (\$132,630), and (c) Legal Services (\$34,500).

Recommendation:

Amend the proposed supplemental appropriation to provide for ratification of actions previously taken.

Approve the proposed ordinance as amended.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakey

Attachment I

#### City and County of San Francisco



#### **Department of Public Health**

Sandra R. Hernández, M.D. **Director of Health** 

November 3, 1995

Mr. Harvey Rose **Budget Analyst** San Francisco Board of Supervisors 1390 Market, Suite 1025 San Francisco, California 94102

> RE: Supplemental Appropriation Request in the amount of \$450,000 for San Francisco Health Authority (Item No. 5 - File 101-95-25 November 8, 1995 Board of Supervisors Budget Committee)

Dear Mr. Rose:

This letter is written in response to your request for information on City and County funding for the San Francisco Health Authority. It is my understanding that you have requested further information on the timing of subsequent contributions to the Health Authority and the total funding commitment to this entity.

As you are aware, the San Francisco Health Authority is the City and County's Medi-Cal Managed Care Local Initiative. The Health Authority will function as a public health maintenance organization providing health care services to Medi-Cal beneficiaries who enroll in their health plan. The providers participating in the health authority's plan are traditional and safety net providers, such as San Francisco General Hospital and the Department's Primary Care Health Centers, who have historically served the Medi-Cal population.

The Board of Supervisors has taken an active role in the development of the Medi-Cal Managed Care -- from submission of the letter of intent for the development of a Local Initiative to adopting the ordinance establishing the San Francisco Health Authority. In adopting the ordinance creating the San Francisco Health Authority, the City and County stated its intent to contribute funds toward the development, planning and start-up costs of this public HMO. The City and County's proposed contribution is \$1 million to be disbursed in the following manner: \$125,000 in fiscal year 1994-95, \$450,000 in fiscal year 1995-96 and \$425,000 in fiscal year 1996-97. In addition to the City and County contribution, the Health Authority will receive \$1.1 million from the State and federal governments.

The City and County is contributing funds for the development of the San Francisco Health Authority because it has a vested interest in ensuring that the health care safety net for Medi-Cal beneficiaries is maintained. Under Medi-Cal Managed Care, the City and County will be forced to compete for Medi-Cal beneficiaries and the funding that pays for their care. In addition, the City and County, along with the participating providers, are contributing funds to ensure that the development and planning for this health maintenance organization proceeds in a timely manner according to the State's implementation timeframe.

As you know, the City and County contributed \$125,000 to the Health Authority in fiscal year 1994-95 and a \$450,000 Supplemental Appropriation Request for the 1995-96 contribution will be considered by the Budget Committee of the Board of Supervisors in the coming week, Under the original funding proposal, the third contribution of \$425,000 does not occur until 1996-97. However, depending upon the receipt of federal funding, the Department may be forced to request the third contribution before the start of the 1996-97 fiscal year to ensure that there are no delays in the development and planning for the health plan. A total of \$542,000 in federal funds have been committed to the Health Authority. Delays in receiving these will significantly impede the Health Authority's ability to meet its implementation timeframe and thereby threaten the viability of this Medi-Cal HMO project.

At this time, the Department does not foresee additional funding to the Health Authority beyond the \$1 million original commitment. However, the Department would like to stress that the San Francisco Health Authority is creating a health maintenance organization (HMO) with limited financial resources. The State and federal licensing requirements for establishing an HMO include licensure through the California Department of Corporations and a series of approvals from the California Department of Health Services. We are currently projecting that the original commitment will be sufficient to cover these development, planning and start-up costs.

If you have any questions, please do not hesitate to contact me at 554-2600

Respectfully,

Sandra R. Hernández, M.D. Director of Health

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## Attachment II 1 of 5

## SAN FRANCISCO HEALTH AUTHORITY Expenditure Detail for

\$450,000 Supplemental Appropriation Request September 1, 1995 - February 28, 1996

	Amou	unt
Personnel (See Budget Justification 1 for detail)		
Analyst		350
Analyst	\$ 28,	
Analyst	\$ 28,	350
Chief Financial Officer	\$ 37, \$ 54,	800
Dir. of Business Development	\$ 54, \$ 50,	180
Information Systems Manager		
Medical Director (.5 FTE)	\$ 34,	
Office Manager	\$ 20.	
Total Personnel	\$ 282,	870
Operations (See Budget Justification 2 for detail)		
Rent Utilities. Maintenance and Insurance		
Rent/Utilities (for 6 months at \$2,510/month)	\$ 15,	060
Maintenance/Janitorial		750
Insurance (for 6 months at \$2,000/month)	\$ 12.	000
Equipment and Furniture	Ψ 12,	000
Equipment Purchase (hardware, telephones)	\$ 40,	630
Equipment Rental (copier, postage meter)	¢ 3	240
Equipment Maint/Repair		825
Furniture Purchase		,800
Materials & Supplies, Printing, Telephone, Payroll	φ 10,	,800
Office Supplies	\$ 4,	500
Payroll Services		702
Postage	•	,000
Printing & Copying	φ J,	*
Program Supplies/Software	\$ 4, \$ 7	,920 ,500
Telephone	\$ / <sub>1</sub>	,500 .628
	φ ο,	,020
Staff Education, Training & Travel Staff Education & Training	\$ 4,	250
Staff Travel		325
Committee Expenses	<b>3</b> 4,	,325
	<b>6</b> 0	500
Beneficiary Advisory Committee		,500
Governing Body, Program & Other Committee	\$ 3	
Total Operations	\$ 132,	,630
Professional Consulting Services		
Legal	\$ 34	,500
	7	
TOTAL EXPENSES	\$ 450	,000

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Attachment II
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## BUDGET JUSTIFICATION 1 LISTING OF POSITIONS

- Chief Financial Officer (1 FTE): The CFO's primary activities and responsibilities include
  budgeting, accounting and financial reporting for the Health Authority. In addition, the CFO
  will develop capitation rates, capitation budgets and reimbursement proposals for providers.
  This position will also complete the Health Authority's financial sections of the Knox-Keene
  and Detailed Design applications. Finally, the CFO will ensure appropriate risk management
  and insurance coverage for the Health Authority, in addition to, coordinating with the data
  consultant and actuary. The salary and benefits for this position are \$37,800 for a six month
  period.
- Medical Director (.5 FTE): The Medical Director will oversee all clinical aspects of the
  Health Authority's delivery system. Under Knox-Keene regulations, every health maintenance
  organization must have a Medical Director. The Medical Director will develop quality of care
  standards, credentialling standards, medical policy, and medical necessity and utilization
  management standards. The salary and benefits for this position are \$34,650 for a six month
  period.
- Information Systems Manager (1 FTE): The Information Systems Manager will coordinate
  the planning and purchasing of the Health Authority's computer systems needs. In addition,
  this position will oversee the Health Authority's solicitation and evaluation of operational and
  management information system proposals which will be necessary to operationalize the
  Health Authority's health care delivery and administrative systems. This position will also
  work on the completion of the information systems portions of the Knox-Keene and Detailed
  Design applications. The salary and benefits for this position are \$50,400 for a six month
  period.
- Provider Services Analyst (1 FTE): This position will work primarily on provider services issues. Specifically, this analyst will: perform assessments of provider administrative infrastructure and support providers in complying with Health Authority, State Department of Health Services and State Department of Corporations requirements. The Provider Services Analyst will also coordinate provider credentialling, education and training efforts. Finally, this analyst will complete appropriate sections of the Knox-Keene and Detailed Design applications dealing with provider service issues. The salary and benefits for this position are \$28,350 for a six month period.
- Member Services Analyst (1 FTE): The Member Services Analyst will coordinate all activities dealing with enrollment and member services. This position will require the analyst to complete appropriate sections of the Knox-Keene and Detailed Design applications dealing with member service issues. In addition, this analyst will be required to develop member rights and responsibilities documents, a member education program, a member handbook and other member materials (e.g., identification card, welcome, etc.). The Member Services Analyst will also coordinate with the State's enrollment contractor for Health Care Options. The salary and benefits for this position are \$28,350 for a six month period.

Attachment II

3 of 5

- Health Services Analyst (1 FTE): This analyst will be responsible for health care services issues for the Health Authority. In conjunction with the Medical Director, this analyst will work on the following health are delivery systems issues such as: primary care provider selections, linkages to health care providers outside the network, coordination of care and development of appropriate provider referral systems. This position will require review of utilization data, case and quality management programs, outcomes and medical audits. The Health Services Analyst will complete appropriate sections of the Knox-Keene and Detailed Design applications dealing with health service issues. The salary and benefits for this position are \$28,350 for a six month period.
- Director of Business Development (1 FTE): The Director of Business Development will work on provider network and contracting issues. In addition to completing key portions of the Knox-Keene and Detailed Design applications, this position will be responsible for the general coordination in the development of these two state-mandated documents. In addition, this staff person will be required to work on policy and planning issues related to health care delivery systems in the areas of customer/member services, quality assurance/control, Medicaid/Medi-Cal funding, population-based outcomes, public health and provider retention. The salary and benefits for this position are \$54,180 for a six month period.
- Officer Manager (1 FTE): The Office Manager will have overall responsibility for overseeing
  the day-to-day operations of the Health Authority's Office. In addition to providing clerical/
  secretarial support, the Office Manager will purchase all necessary materials, supplies and
  equipment, coordinate the scheduling of meetings and ensure the payment of all accounts
  payable. The salary and benefits for this position are \$20,790 for a six month period.

Attachment II
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#### **BUDGET JUSTIFICATION 2** OPERATING EXPENSES

Rent, Utilities, Maintenance and Insurance

NAME OF STREET, STREET		
Category	Antount	Exploration
Rent/Utilities	\$15,060	Rent and utilities for 6 months at \$2,510/month
Insurance	\$12,000	Six month premium for Property and Casuality, and Directors and
		Officers Insurance. Annual premium is \$24,312
Maintenance/Janitorial	\$ 750	Regular janitorial and maintenance expenses

Equipment and Furniture

Amount	Explanation
\$17,577 *	Six desk top computers
S 1,200 *	Six telephones
\$ 1.628 *	One printer
\$ 5,230 *	Cabling, installation and network connections for computer
	system
\$ 6,000 *	One computer server
\$ 5,495 *	Computer software packages ( word processing, spreadsheets and
	graphic applications)
\$ 2,000 *	Computer storage system for Health Authority data
\$ 1,500 *	Computer tape back-up for Health Authority data
\$ 3,240	Rental costs for copier and postage meter machines
\$ 825	Ongoing and regular maintenance and necessary repairs
\$ 5,250	Conference table and chairs
\$ 3,600	Six sets of office furniture for staff
\$ 550	Miscellaneous tables for printer, postage meter, etc.
\$ 1,400	Bookshelves, file cabinets, etc.
	\$17,577 * \$ 1,200 * \$ 1,628 * \$ 5,230 * \$ 6,000 * \$ 5,495 * \$ 1,500 * \$ 3,240 \$ 825 \$ 5,250 \$ 3,600 \$ \$ 550

Staff Education, Training and	Actual Commission Comm	
Staff Education and Training	\$ 4,250	Includes fees for staff training and education. Attendance at conferences on: (1) Medicaid managed care, (2) State and federal funding and regulation changes and (3) use of computer software applications.
Staff Travel:		
In State automobile travel	\$ 1,260	Attendance at Local Initiative meetings, State Department of Health Services meetings, etc. (minimum of 3 meetings per month)
In State air travel	\$ 1,865	To attend pro bono trainings offered by experience commercial HMOs; MIS demonstrations, etc.
Parking, mileage and ground transportation	\$ 1,200	To attend Bay Area meetings

\* Total of \$40,630 BUDJUST.DOC

Attachment II
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Committee Expenses

Committee Expenses	Total Science and American Sci	
Category	Amount	Explanation
Beneficiary Adv. Committee:		
Orientation Handbook	\$ 4,500 *	Consultant for development of handbook, introducing Committee members to concepts and operations of Medi-Cal managed care
Childcare	\$ 1,210	\$5.00 per child per hour for beneficiaries while attending regularly scheduled meetings of the Committee
Stipends	\$ 1,800	Beneficiary participation stipends \$25 per regularly scheduled meeting of the Committee
Food and Beverages	\$ 300	Refreshments for beneficiaries attending Committee meetings
Transportation	\$ 690	Muni and cab transportation for beneficiaries to attend regularly scheduled Committee meetings
Governing Body, Program & Other Committees:		
Governing Body	\$ 1,200	Room use, food and beverages, room set-up and clean up for 6 meetings at \$200 per meeting. Meetings held at the San Francisco Medical Society.
Program Committee	\$ 600	Room use, food and beverages, room set-up and clean up for 6 meetings at \$100 per meeting. Meetings held at the San Francisco Medical Society.
Quality Improvt. Comm.	\$ 600	Room use, food and beverages, room set-up and clean up for 6 meetings at \$100 per meeting. Meetings held at the San Francisco Medical Society.
Beneficiary Committee	\$ 600	Room use, room set-up and clean up for 12 meetings at \$50 per meeting. Meetings held at the San Francisco Medical Society.

Materials & Supplies Printing Telephone Payroll

Carecary	The second secon	
Office Supplies	\$ 4,500	Ongoing office supplies and materials
Payroll Services	\$ 702	Cost of payroll service
Postage	\$ 3,000	Ongoing postage costs
Printing & Copying	\$ 4,920	Ongoing and regular printing and copying costs
Program Supplies	\$ 7,500	Ongoing computer and program supplies
Telephone	\$ 8,628	Six months of telephone expenses at approximately \$1,440 per month

<sup>\*</sup> The DPH selected Jerny Schacht and Associates Consulting to develop the Orientation Handbook for a total cost of \$4,500 (100 hours @ \$45 per hour). Jenny Schacht and Associates Consulting is a WBE firm.

BUDJUST.DOC

SF S90,07 #2 11/15/95

# MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

AUG 2 / 1776
SAN FRANCISCO
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WEDNESDAY, NOVEMBER 15, 1995 - 1:00 P.M.

ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:05 P.M.

#### RELEASE OF RESERVES

File 94-91-4.16. [Reserved Funds, Public Transportation Commission]
 Consideration of release of reserved funds, Public Transportation Commission,
 (UMTA Section 9 Formula Assistance) in the total amount of \$177,100, to
 continue capital and operating project activities. (Public Transportation
 Commission

(Consideration Continued from 11/08/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 3-0.

 File 101-92-60.10. [Reserved Funds, Fire Department] Consideration of release of reserved funds, Fire Department (1992 Proposition C Bond Issue Fund), in the amount of \$1,279,500 for the purpose of funding construction contract for SFFD Fire Station No. 39. (Department of Public Works)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 29, 1995.

MEETING.

VOTE: 3-0.



3-0.

File 100-95-1.3. [Reserved Funds, Department of Human Resources]
 Consideration of release of reserved funds, Department of Human
 Resources-Operations Division, (1995/96 Budget) in the amount of \$40,000 to
 administer Civil Service examination for key positions in all City departments,
 beginning in November 1995. (Department of Human Resources)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$40,000 APPROVED. FILED.

4. File 79-95-5. [Reserved Funds, Mayor's Office of Community Development]
Consideration of release of reserved funds, Mayor's Office of Community
Development (1995 Community Development Block Grant Program), in the
amount of \$500,000 for the renovation of the Safe Haven Project recently
awarded by the department of Housing and Urban Development to the
Chemical Awareness and Treatment Services program. (Mayor's Housing of
Community Development) (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$500,000 APPROVED. FILED. 3-0.

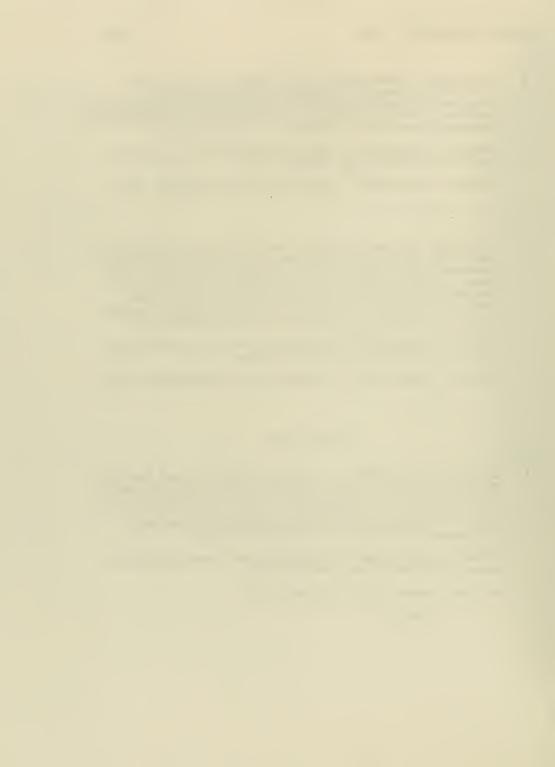
#### GENERAL ITEMS

5. File 68-95-7. [Grant, Supportive Housing/Shelter Plus Program] Resolution authorizing the Mayor of the City and County of San Francisco to accept and expend Supportive Housing Program (SHP) Grants in a total amount not to exceed \$12,508,319, and a Shelter Plus Care (SPC) Grant in a total amount not to exceed \$5,904,900 from the U.S. Department of Housing and Urban Development. (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.



6. File 170-95-10. [Equipment Lease - Bonds] Ordinance providing for the approval and execution and delivery by officers of the City and County of San Francisco of an Equipment Lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said Lessor and Lessee; providing for reimbursement to the City of certain City expenditures prior to the issuance of Lease Revenue Bonds and approving the issuance of Lease Revenue Bonds by said nonprofit corporation; and providing that said bonds shall be subject to the certification of the Controller of the City and County of San Francisco prior to the sale of said bonds; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Chief Administrative Officer)

(Consideration Continued from 11/1/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 29, 1995,

MEETING.

VOTE: 3-0.

7. File 172-95-45. [Statewide Communities Development Authority] Resolution approving, authorizing and directing the execution of an amended and restated Joint Exercise of Powers Agreement relating to the California Statewide Communities Development Authority. (Supervisor Hsieh)

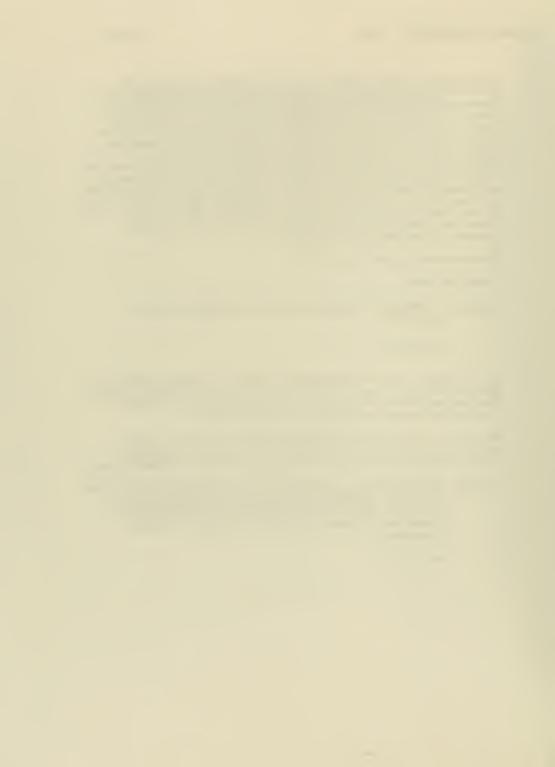
SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Tim Grace; Mayor's Office of Business and Community Services. IN SUPPORT: Jerry Burke, California Statewide Communities Development Authority. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING SAME TITLE PRESENTED IN COMMITTEE BY SUPERVISOR HSIEH.

ADOPTED. AMENDMENT OF THE WHOLE RECOMMENDED.

(Supervisors Kaufman and Bierman requested to be added as co-sponsors.)

VOTE: 3-0.



8. <u>File 292-95-1</u>. [State-County Property Tax Administration Program]
Resolution electing to participate in the State-County Tax Administration
Program subject to the State Revenue and Taxation Code; authorizing the
Assessor and the Controller to negotiate an agreement with the State
Department of Finance. (Supervisor Hsieh)

SPEAKERS: ELECTED OFFICIAL: Honorable Doris M. Ward, Assessor. DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a resolved clause to read: "The Assessor and the Controller shall report to the Board of Supervisors at such time as they have completed negotiations with the State Department of Finance, with an assessment of the likelihood that the City will be able to meet the performance goals and avoid repayment of the loans from the State." (Supervisors Kaufman and Bierman requested to be added as co-sponsors.)

VOTE: 3-0.

9. <u>File 97-95-62</u>. [Superior Court Revolving Fund] Ordinance amending the Administrative Code by amending Section 10.140 thereof, authorizing a Cash Revolving Fund increase from \$2,500 to \$5,000. (Superior Court)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

#### PUBLIC HEARING

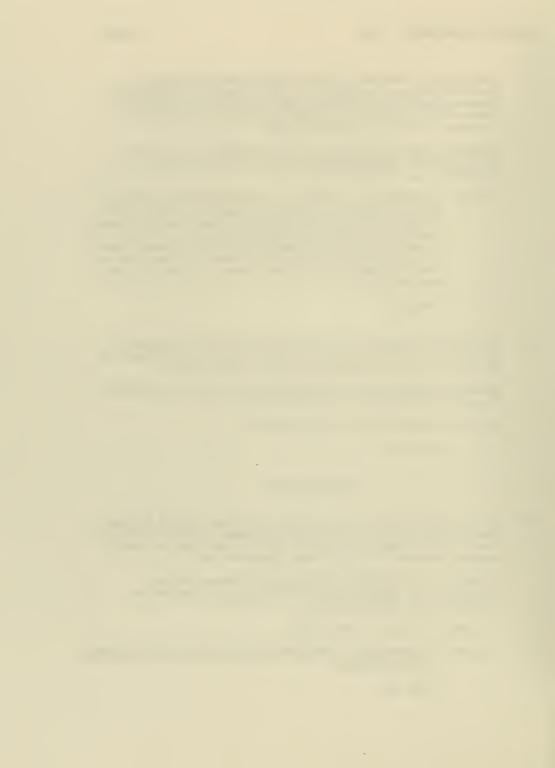
File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

SPEAKERS: STATE LEGISLATIVE ADVOCATE: Margaret Kislick. DEPARTMENTAL REPRESENTATIVE: Ed Harrington, Controller: IN SUPPORT: None. OPPOSED: None.

(Consideration Continued from 11/08/95)

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO NOVEMBER 29, 1995, MEETING.

VOTE: 3-0.



#### FEE

11. File 97-95-61. [Street Fairs - Fire Department Fees] Ordinance amending Chapter 2 of the San Francisco Administrative Code by amending Section 2.70-6 thereof, providing fees for permits and inspection by the Fire Department of food vendors that use propane, butane, charcoal briquettes, open flame, or LPG heaters, and requiring permits and fees whenever fireworks or tents are used at a street fair. (Fire Department)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Richard Condon, Fire Marshall. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

#### **FISCAL**

12. File 101-95-24. [Appropriation, Department of Public Health-Community Health Services] Ordinance appropriating and rescinding \$143,379, Department of Public Health-Community Health Services, for salaries and fringe benefits for the creation of one (1) position and deletion of (1) position for fiscal year 1995-96. (Controller) RO #95059 (COMPANION TO THE FOLLOWING FILE)

(Consideration Continued from 11/08/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 29, 1995,

MEETING.

VOTE: 3-0.

13. File 102-95-6. [Salary Ordinance Amendment, Department of Public Health]
Ordinance amending Annual Salary Ordinance 1995-96, Ordinance No. 256-96,
reflecting the deletion of one (1) position (Class 2235 Medical Director,
Department of Health) and the addition of one (1) position (Class AB04 Medical
Director, Emergency Medical Service Agency). (Department of Human
Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: None.

(Consideration Continued from 11/08/95)

ACTION: CONSIDERATION CONTINUED TO NOVEMBER 29, 1995,

MEETING.

VOTE: 3-0.



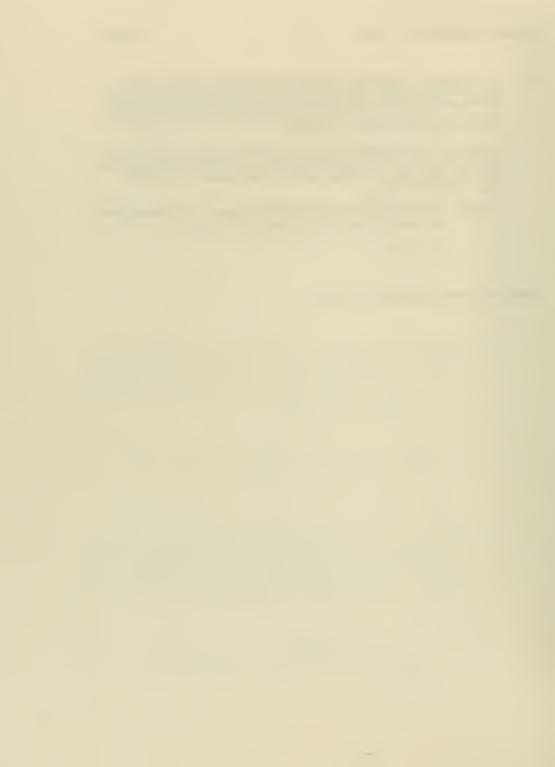
14. File 101-95-27. [Appropriation, Department of Public Health] Ordinance appropriating \$1,725,689, Department of Public Health-Mental Health, from the General Fund Reserve for professional services and reductions in State revenue, to continue substance abuse and child care services for fiscal year 1995-96. (Supervisor Alioto) RO #95070.

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Teresa Serata, Budget Director, Office of the Mayor; Ed Harrington, Controller; Larry Meredith, Department of Public Health. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Supervisors Bierman, Hsieh and Kaufman requested to be added as co-sponsors.)

VOTE: 3-0.

TIME MEETING ADJOURNED: 2:07 P.M.



Attn: Kate Wingerson

CITY

# CITY AND COUNTY



# OF SAN FRANCISCO

#### BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

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SAN FRANCISCO PUBLIC LIBERRY

November 13, 1995

TO:

**Budget Committee** 

FROM:

Budget Analyst

SUBJECT: November 15, 1995 Budget Committee Meeting

Item 1 - File 94-91-4.16

Note: This item was continued by the Budget Committee at its meeting of

November 8, 1995.

**Department:** Public Transportation Commission (PTC)

Municipal Railway (MUNI)

Item: Hearing to consider release of reserved funds, Public

Transportation Commission, Urban Mass Transit Administration (UMTA) Section 9 Formula Assistance, in the amount of \$177,100, for the purpose of fixed facility

improvements.

**Amount:** \$177,100

Source of Funds: Federal Urban Mass Transit Administration (UMTA) Section

9 Formula Assistance

**Description:** In May, 1991, the Board of Supervisors previously approved

a resolution (File 94-91-4) authorizing the Municipal Railway (MUNI) to apply for, accept and expend a total of \$17,268,900, consisting of \$13,815,120 of Urban Mass Transit Administration (UMTA) Section 9 Formula Assistance funds, and \$3,453,780 in required matching funds (funded through

Memo to Budget Committee November 15, 1995

a combination of State and local funds including State Transit Assistance Funds, State Transportation Development Act Funds, State Transportation Development Act funds, local half-cent Sales Tax revenues and MUNI capital project funds).

Of the \$17,268,900 authorized by the Board of Supervisors, a total of \$13,982,500 was placed on reserve pending a specification of budgeted expenditures for equipment, vehicles, data processing and contractual services (including hourly rates and the MBE, WBE or DBE status of the contractors). Subsequently, the Board of Supervisors released a total of \$12,651,042 in reserved funds. The requested release of reserved funds of \$177,100 would leave a balance on reserve of \$1,154,358.

Comment:

As of the writing of this report, the Municipal Railway (MUNI) was unable to specify a project budget for the \$177,100 in reserved funds, including a specification of whether contractual services would be utilized, the MBE/WBE status of the contractors and proposed hourly rates. Therefore, the Department is requesting that the proposed hearing be continued to the Call of the Chair.

Recommendation:

Continue the proposed hearing to consider release of reserved funds to the Call of the Chair. Memo to Budget Committee November 15, 1995 Budget Committee Meeting

#### Item 2 - File 101-92-60.10

Department of Public Works (DPW)

Fire Department

Item: Release of reserved funds in the amount of \$1,279,500 for

the purpose of funding a construction contract for Fire

Station No. 39.

**Amount:** \$1,279,500

Comment:

Source of Funds; 1992 Proposition C Fire Protection Bond Issue Fund

(Series 1993D)

**Description:** In November of 1992, the voters approved Proposition C, authorizing the issuance of Fire Protection Bonds Series

authorizing the issuance of Fire Protection Bonds Series 1993D. A total of \$40.8 million in these General Obligation bonds were approved to finance improvements to various Fire Department facilities. In May of 1993, the Board of Supervisors approved an appropriation request in the amount of \$15,204,533 of Series 1993D Fire Protection Bond funds for various projects at fire stations throughout the City including seismic strengthening, disabled access improvements, and the construction of separate restroom facilities for male and female firefighters. At the same time, the Board placed \$10,788,125 of these funds on reserve for fire station improvements, pending the selection of contractors, the MBE/WBE status of the

contractors and contract cost details.

The proposed release of reserved funds, in the amount of \$1,279,500, would be used to pay for a portion of the construction contract and related costs for renovation of Fire Station No. 39, located at 1091 Portola Drive. The scope of work for this project includes seismic upgrading, a dormitory addition, mechanical and electrical systems improvements, disabled access, new toilet/shower facilities, asbestos abatement and miscellaneous exterior and interior improvements.

The DPW advises that the total estimated cost for the renovation of Fire Station No. 39 is \$1,348,348, or \$68,848 more than the \$1,279,500, which is the subject of this request.

Mr. Peter Wong of the Department of Public Works advises that the Department requires additional time to prepare information for the Board of Supervisors on the

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Memo to Budget Committee November 15, 1995 Budget Committee Meeting

Fire Station 39 project, and that the Department will request that this item be continued to the November 29, 1995 Budget Committee meeting.

Recommendation:

Continue this item to the November 29, 1995 Budget Committee meeting, in accordance with the Department's request.

Memo to Budget Committee November 15 1995 Budget Committee Meeting

#### Item 3 - File 100-95-1.3

Department:

Department of Human Resources (DHR)

Item:

Hearing to consider the release of reserved funds, Department of Human Resources Operations Division, in the amount of \$40,000 for use in conducting Civil Service examinations for key positions in all City Departments.

Amount:

\$40,000

Description:

In the FY 1995-96 budget, the Board of Supervisors placed an amount of \$40,000 on reserve for the Department of Human Resources for expenses associated with conducting Civil Service tests, pending further justification for this item and the submission of budget details to the Board of Supervisors.

The DHR is now requesting release of the \$40,000 in reserved funds in order to conduct tests for two groups of job classifications. The Department reports that tests are planned for; (a) all Junior Engineering job classifications in the January or February of 1996, with an anticipated applicant pool of 1,500 persons, and (b) all Management Information Systems (MIS) classifications in the spring of 1996, with an anticipated applicant pool of 1,700 persons.

The DHR reports that the reserved funds will be expended as follows:

# 1. Room Rental \$19,875

The DHR has consulted with the Chief Administrative Officer, who has determined that no City-owned facility of adequate size is available to conduct the planned Civil Service tests. Therefore, the Department proposes to rent testing facilities located at the Cathedral Hill Hotel at a rate of \$75 per room per day. The oral test requires use of a private room to accommodate the Exam Selection Board members, the candidate, and a proctor for each interview. Each interview will take approximately 30-45 minutes, allowing each Exam Selection Board to conduct 12 interviews per day.

Engineering Exam, 125 rooms @ \$75/day \$9,375 MIS Exam, 140 rooms @ \$75/day \$10,500

\$19,875

# 2. Exam Selection Board per diem expenses \$16,430

The DHR pays the transportation, parking and lunch costs for Exam Selection Board members, at total cost of \$31 per Selection Board member per day. Exam Selection Boards consist of two members, who are recruited from comparable public jurisdictions in the Bay Area. Exam Selection Boards test 12 candidates each day. The Junior Engineering Exam will require 125 Boards (1,500 candidates divided by 12 candidates per board equals 125), and the MIS Exam will require 140 Boards (1,700 candidates divided by 12 candidates per board equals 140).

Engineering Exam, 125 boards @ \$62/day \$7,750 MIS Exam, 140 boards @ \$62/day 8,680

\$16,430

### 3. Advertising and recruitment \$3.695

In order to recruit applicants for the Engineering and MIS examination classes, the DHR will conduct recruitments which will include brochure mailings, advertisements in newspapers, and recruitment visits to college campuses at UC Berkeley, UC Davis, San Francisco State University, and San Jose State University.

Postage \$1.25 x 425 Eng. Exam brochures Newspaper advertising (<u>SF Examiner</u> and <u>SJ Mercury News</u>, 2 ads @ \$1,358 each) Campus visits, fuel, parking, board lunches

\$531.25

2,716.00 <u>447.75</u>

\$3,695

Total requested for release from reserve:

\$40,000

**Recommendation:** Approve the proposed release of reserved funds as requested.

Memo to Budget Committee November 15, 1995 Budget Committee

Items 4 and 5 - Files 79-95-5 and 68-95-7

**Department:** Mayor's Office of Community Development (MOCD)

Mayor's Office of Housing (MOH)

Items: Hearing to consider release of \$500,000 of reserved funds

for the renovation of the Safe Haven for Men project recently awarded by the U.S. Housing and Urban Development (HUD), under its Supportive Housing Program grant to the Chemical Awareness and Treatment

Services (CATS) (File 79-95-5).

Resolution authorizing the Mayor of the City and County of San Francisco to accept and expend Supportive Housing Program (SHP) grants in a total amount not to exceed \$12,508,319 and a Shelter Plus Care (SPC) grant in a total amount not to exceed \$5,904,900 from the U.S. Department of Housing and Urban Development (HUD)

(File 68-95-7).

**Amounts:** \$500,000 (File 79-95-5)

Description:

\$12,508,319 - Supportive Housing Program

<u>5,904,900</u> - Shelter Plus Care \$18,413,219 - Total (File 68-95-7)

Source of Funds: 1995 Community Development Block Grant Program (File

79-95-5)

U.S. Department of Housing and Urban Development

(File 68-95-5)

Grant Period: Supportive Housing Program - three years from July 1,

1995 through June 30, 1998.

Shelter Plus Care Program - five years from July 1, 1995

In December, 1994, the Board of Supervisors approved

through June 30, 2000.

approximately \$30 million of 1995 Community
Development Block Grant funds for San Francisco. At the
time that the grant was approved, the MOCD had not yet
identified the proposed projects for the Homeless
Facilities Program Pool for 1995. As a result, the Board of
Supervisors placed the total proposed CDBG allocation of
\$500,000 for the Homeless Facilities Program Pool on

reserve. The MOCD is now requesting that the entire \$500,000 be released from reserve for the Safe Haven for

Men renovation project (File 79-95-5).

In April, 1995, the Board of Supervisors approved a resolution authorizing the Mayor to apply for a Supportive Housing Program (SHP) Grant not to exceed \$20,429,747 and a Shelter Plus Care (S+C) Program Grant not to exceed \$5,904,900 (File 68-95-4). The Supportive Housing Program and the Shelter Plus Care Program are authorized by Title IV of the Stewart B. McKinney Homeless Assistance Act. The Mayor's Office of Community Development is responsible for administering and monitoring the SHP grant and the Mayor's Office of Housing is responsible for administering and monitoring the S+C grant.

The Supportive Housing Program is designed to promote the development of supportive services to assist homeless persons in the transition from homelessness to a life of independence. The grant allows for the acquisition, rehabilitation, construction and lease of buildings for use as supportive housing or in providing supportive services and for operating expenses for these facilities. However, the recipient must match the funding for acquisition, rehabilitation and construction with equal amounts of funds from other sources.

The Shelter Plus Care Program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities (primarily with alcohol, drugs, or both; or persons who have acquired AIDS and related diseases) and their families. Grant funds can be used to pay for security deposits, damages and up to eight percent for administering the rental assistance program.

#### **Budget:**

# **Supportive Housing Program:**

Projects	Average Annual <u>Allocation</u>	Allocation Over Three Year <u>Grant Term</u>
Private Industry Council	\$952,381	\$2,857,143
Catholic Charities	538,526	1,615,579
Dept of Social Services	1,000,000	3,000,000
Chemical Awareness & Treatment Services	510,640	1,531,920
Golden Gate Community Services	189,033	567,100

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Projects	Average Annual Allocation	Allocation Over Three Year <u>Grant Term</u>
Larkin Street Youth Services	304,000	912,000
Hamilton Family Center	523,933	1,571,800
Subtotal	\$4,018,514	\$12,055,542
MOCD Administration	137,906	413,717
City Planning Services	1,000	3,000
Audit and Indirect Costs	12,020	36,060
Total	\$4,169,440	\$12,508,319
Shelter Plus Care:		
Shelter Plus Care: Projects & (No. of Units)	Average Annual Allocation	Allocation Over Five Year <u>Grant Term</u>
	Annual Allocation	Five Year
Projects & (No. of Units)	Annual Allocation	Five Year <u>Grant Term</u>
Projects & (No. of Units) Progress Foundation (30)	Annual <u>Allocation</u> \$398,853 47,296	Five Year Grant Term \$1,994,266
Projects & (No. of Units) Progress Foundation (30) Innovative Housing (3) Mission Housing Develop	Annual Allocation \$398,853 47,296 ment	Five Year Grant Term \$1,994,266 236,477
Projects & (No. of Units) Progress Foundation (30) Innovative Housing (3) Mission Housing Develop Corporation (5) Compass Community	Annual Allocation \$398,853 47,296 ment 64,783	Five Year <u>Grant Term</u> \$1,994,266 236,477 323,914
Projects & (No. of Units) Progress Foundation (30) Innovative Housing (3) Mission Housing Develop Corporation (5) Compass Community Services (15)	Annual Allocation \$398,853 47,296 ment 64,783	Five Year Grant Term \$1,994,266 236,477 323,914 934,370
Projects & (No. of Units) Progress Foundation (30) Innovative Housing (3) Mission Housing Develop Corporation (5) Compass Community Services (15) Glide/BRIDGE Housing (	Annual Allocation \$398,853 47,296 ment 64,783  186,874 30) 388,696	Five Year Grant Term \$1,994,266 236,477 323,914 934,370 1,943,482

Memo to Budget Committee November 15, 1995 Budget Committee

Required Match:

Supportive Housing Program - \$617,500 (from 1994 and 1995 Community Development Block Grant (See Comment 2)

Shelter Plus Care Program - None.

**Indirect Costs:** 

<u>Supportive Housing Program</u> -total of \$36,060, including \$15,000 to cover costs for audit and \$21,060 as determined by the Controller's Office.

Shelter Plus Program - grant does not allow for provision of indirect costs.

No. of Persons Served:

Supportive Housing Program - 3,399 individuals over the three year grant period.

<u>Shelter Plus Program</u> - 282 individuals (depending on size of families) at any one time during the five year grant period.

**Comments:** 

- 1. Mr. Jon Pon of the MOCD reports that MOCD performed an informal solicitation of providers of services to homeless persons to determine which organizations would provide the services for the Supportive Housing Program (SHP). A total of nine providers were selected. According to Mr. Pon, although the MOCD submitted a grant application for the nine projects totalling \$20,429,747, HUD selected only seven of the proposed projects and reduced the total grant amount to \$12,508,319. Although the individual projects proposed by each provider of service is anticipated to cost more than the amount funded by HUD through the Supportive Housing Program, Mr. Pon reports that each agency will be responsible for providing its own matching funds to support the required budget.
- 2. In addition, Mr. Pon reports that the Community Development Block Grant from 1994 and 1995 will provide a \$617,500 required match for the Supportive Housing Program. Of the \$617,500, \$67,500, which has been previously appropriated, would be provided as matching funds for Golden Gate Community Services.

The balance of \$550,000 would be provided as matching funds for Chemical Awareness and Treatment Services (CATS). Of the \$550,000 matching funds to CATS, \$50,000 has been previously appropriated and the remaining \$500,000 is the subject of the proposed release

Memo to Budget Committee November 15, 1995 Budget Committee

of reserve funds (File 79-95-5). These funds would be specifically earmarked for the capital improvements and renovation of the Safe Haven for Men project, to be located at 930 Gough Street.

3. According to Mr. Joe LaTorre of MOH, non-profit homeless service providers were selected through a Request for Proposal process which took place in February and March, 1995. All of the applicants that the MOH submitted as part of the HUD application and all of the funds requested were approved by HUD for the Shelter Plus Care Program. Mr. LaTorre reports that this is the third time that San Francisco has received this five-year Shelter Plus Care Program grant.

Recommendations:

Approve the proposed resolution (File 68-95-7) and the requested release of reserve funds. (File 79-95-5)



Memo to Budget Committee November 15, 1995

Item 6 - File 170-95-10

Amount:

Description:

Note: This item was continued by the Budget Committee at its meeting of

November 1, 1995.

Department: Chief Administrative Officer (CAO)

taken.

Ordinance (a) providing for the approval and execution and delivery by officers of the City and County of San Francisco of an equipment lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said lessor and said lessee; (b) providing for reimbursement to the City of certain City expenditures prior to the issuance of lease revenue bonds and approving the issuance of lease revenue bonds by said nonprofit corporation; (c) providing that said bonds shall be subject to the certification of the Controller prior to the sale of said bonds; (d) providing for the execution of documents in

Not to exceed \$7,065,000. An Amendment of the Whole has been prepared to reflect an amount not to exceed \$7,065,000, instead of \$6,075,000.

connection therewith and (e) ratifying actions previously

In June, 1990, San Francisco voters approved Proposition C, a Charter amendment which authorized the Board of Supervisors to authorize and approve the lease-financing of equipment purchases for the City through a non-profit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease revenue bonds.

Interest rates on lease revenue bonds issued by non-profit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations. According to the Controller, the other major financing instrument is third party vendors, that act as a bank and provide equipment to the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital. Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchases unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance

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BUDGET ANALYST

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Corporation than through the other financing instruments. In accordance with the proposed ordinance, the Controller has certified that these interest rates are lower through the San Francisco Finance Corporation.

Pursuant to Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in 1990-91, with the limit increased by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in 1995-96 is \$25,525,080.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$41,004,707 in lease revenue bonds to finance the purchase of equipment, as follows:

Fiscal	Lease Revenue
<u>Year</u>	<u>Bonds</u>
1990-91	\$7,304,707
1991-92	Up To 10,000,000
1992-93	Up To 10,200,000
1993-94	Up to 7,000,000
1994-95	Up to 6,500,000
Total	Up To \$41,004,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$41,004,707 in 1990-91 through 1994-95 in Lease Purchase Revenue bonds to procure equipment on behalf of the City. According to the Chief Administrative Officer's Office, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of November 1, 1995 are as follows:

Series 1991A Bonds Lease Purchase Revenue Bonds Issued	\$7,020,000	
Repayment to date Outstanding Indebtedness: Series 1991A:	(6,345,000)	\$675,000
Series 1992A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$5,555,000 (2,720,000)	2,835,000

Series 1993A Bonds
Lease Purchase Revenue Bonds Issued \$10,200,000
Repayment to date (6,070,000)
Outstanding Indebtedness: Series 1992A: 4,130,000

Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1994A	\$6,850,000 (1,700,000)	\$5,150,000
Series 1995A Bonds Lease Purchase Revenue Bonds Issued	\$6,075,000	
Repayment to date	(405,000)	
Outstanding Indebtedness: Series 1995A		5,670,000
Total Current Outstanding Indebtedness		\$18,460,000
Total Allowable Indebtedness		25,525,080
Total Allowable Indebtedness Still Available		\$7,065,080

The current, unused balance of lease financing available in 1995-96 in accordance with the provisions of Proposition C is \$7,065,080 (Proposition C established a limit of \$25,525,080 in available indebtedness for 1995-96 less the current outstanding balance of \$18,460,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in 1995-96 in an amount not to exceed \$7,065,000, which is within the San Francisco Finance Corporation's current debt capacity under Proposition C of \$7,065,080.

The proposed ordinance would also authorize an Equipment Lease Supplement No. 5 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

According to Ms. Stephanie Carlisle of the Chief Administrative Officer's (CAO's) Office, the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Carlisle explains that various City General Fund departments have budgeted the annual lease payments within their FY 1995-96 General Fund departmental budgets Ms. Carlisle reports that the amount of the annual lease payments for FY 1995-96 for all City departments is approximately \$2.5 million, and \$6,215,668 for equipment would be paid over the three to five year term of the leases. All of the \$6,215,668 would be funded through General Fund departments. Ms. Carlisle reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City Departments will then make annual lease payments to the San Francisco Finance Corporation, who in turn will use these funds to repay the lease revenue bond interest and redemption.

In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures (see Comment 5) prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) ratifies actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and paid in full by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Finance Corporation, which in turn will use such funds to repay the bond funds.

#### **Comments:**

1. The Attachment shows equipment items with a total cost of approximately \$6,215,668 that were included in the 1995-96 City budget that would be funded by the proposed lease revenue bonds for 1995-96. The estimated budget for the proposed, (not to exceed) \$7,065,000 in lease revenue bonds for 1995-96 is as follows:

Equipment Costs	\$6,215,668
Required Reserve Fund (1)	706,500
Bond Issuance Costs	100,000
Capitalized Interest (2)	42,832

Total \$7,065,000

- (1) Lease Revenue bonds have a legally required Reserve Fund equal to 10% of the principal amount of the bonds.
- (2) Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the equipment has been received by the City. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, accrued interest, estimated in the amount of \$42,832, must be paid from proceeds of the bonds until such time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.
- 2. The actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely,

because the interest rate will depend on the financial market interest rate when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item.

- 3. Ms. Carlisle estimates that, if Series 1996A Lease Revenue Bonds are sold in a principal amount not to exceed \$7,065,000, at an estimated annual interest rate of five percent (based on current financial market interest rates) and based on the expected repayment periods of between three to five years, the City's total principal and interest costs would be \$7,788,936 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$7,065,000 in principal and \$723,936 in interest costs.
- 4. Ms. Carlisle reports that the actual interest costs to the City of the proposed equipment lease-purchases will depend on the market interest rates when the bonds are sold. Interest costs will also vary for each item of equipment purchased based on the number of years in the repayment period for the item. Ms. Carlisle estimates that the maximum annual debt service (amount of the City's repayment) which would be required in any single year before this Series 1996A bonds are retired would be approximately \$2,500,000.
- 5. Although the proposed lease revenue bond proceeds are the intended source of funds for the purchase of equipment already approved in the City's 1995-96 budget, and although none of this equipment has yet been purchased, some of this equipment will be purchased prior to selling the lease revenue bonds. In such cases, the City would purchase the equipment with monies temporarily borrowed from other funding sources with the intent that under the reimbursement provisions of the proposed ordinance, the temporary sources of funds would be reimbursed when the lease revenue bonds are sold. Subsequent to this reimbursement, the equipment would be owned by the San Francisco Finance Corporation and the San Francisco Finance Corporation would lease the equipment to the City.
- 6. The City would take ownership of the proposed equipment upon repayment of all principal and interest costs to the San Francisco Finance Corporation in the form of lease payments, according to the repayment terms specified in the Equipment Lease Supplement No. 5, which the CAO would be authorized to execute under the proposed ordinance.
- 7. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Carlisle, as a result of

a recent change in Federal law, all cities and counties which issue tax exempt debt are required to file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: 1) the financial statements of the San Francisco Finance Corporation and the City; 2) the status of the project (e.g. equipment purchased and repayment amounts); 3) a summary of budgeted General Fund revenues and appropriations; 4) a summary of assessed valuation of taxable property and 5) a summary of outstanding and authorized but unissued tax supported debt.

- 8. The use of lease-financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks in" departmental expenditures for future years resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the CAO's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the costs over several years.
- 9. As noted above, the Controller has certified that the interest costs to the City will be lower through the San Francisco Financing Corporation than through other financing instruments.
- 10. As noted on the Attachment, \$2,719,090 of the proposed equipment purchases would be for the Public Library. These \$2,719,090 in equipment purchases would be used for automation and telecommunications equipment for the New Main Library and for the 26 Branch Libraries.
- 11. The Public Library has cash available in a Library Preservation Fund, and therefore, the Budget Analyst questioned whether the Public Library should use cash instead of lease financing the equipment. In addition, other City departments that do not have an available source of cash, as does the Public Library, could benefit from purchasing equipment from the San Francisco Financing Corporation. These other City departments with equipment needs include the Police Department, San Francisco General Hospital and the Fire Department.
- 12. The Budget Committee instructed the Mayor's Office to further analyze the Library's budgetary needs, as well as review other City departments which may or may not have sufficient cash to purchase equipment.

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13. As of the writing of this report, the Mayor's Office has not submitted in writing to the CAO's Office a list of those departments with sufficient cash to purchase equipment, as well as a plan from the Library regarding their ability to pay cash. Therefore, the CAO is requesting that the proposed ordinance be continued for two weeks until the Budget Committee meeting of November 29, 1995.

Recommendation: Continue the proposed ordinance for two weeks until the Budget Committee meeting of November 29, 1995.

#### DESCRIPTION OF LEASED EQUIPMENT

Series 1996A Bonds Equipment Schedule Scheduled Completion Date: 1, 1996

Upon acquisition of each item of Equipment, this Equipment schedule shall be amended to include a specific description and serial number (if applicable) for each such item of Equipment.

Department	Equipment '	#Units	Total Cost	Lease Term
Sheriff	Computer Hardware / Inmate traking System	1	\$1,410,500.00	5
Sheriff	Radios	1	203,000.00	3
City Attorney	Local Area Network	1	289,570.00	3
Library	Data Telecommunications Network*	1	878,790,00*	3 4
Library	Multimedia Workstation/Network*	1	633,590.00*	3
Library	Childrens Electronic Discovery Center*	ı	265,540.00*	3
·Library	Computer Network*	1	550,600.00*	3
Library	ADA Workstations	1	130.620.00*	3
Library	Catalog Terminals	1	193.400.00*	3
Library	Library Training Center	1	66,550.00*	3
Police	Marked Vehicles	42	1,299,900.00	3
· Juvenile Probation	Vehicles	4	62,928.00	4
Juvenile Probation	Vehicles	. 1	20,290.00	4
Fire Department	Vehicles	10	210,390.00	4
•			\$6,215,668.00	

<sup>\*</sup>Total Public Library proposed equipment is \$2,719,090.

Memo to Budget Committee November 15, 1995

#### Item 7 - File 172-95-45

- 1. This item is a resolution approving, authorizing and directing the execution of an amended and restated Joint Exercise of Powers Agreement relating to the California Statewide Communities Development Authority.
- 2. In 1987, the California State Association of Counties (CSAC) and the League of California Cities formed a joint powers authority, the California Statewide Communities Development Authority (CSCDA), which is now comprised of 176 cities and counties. The purpose of the CSCDA is to provide financing to manufacturers for the purchase of land, buildings and capital equipment in order to promote economic development. The CSCDA has issued over \$200 million in industrial development bonds for over 80 companies since its inception.
- 3. Pixxon, Inc. is a San Francisco firm located at 520 Townsend Street which produces color separations and performs image editing for print advertising. Pixxon, Inc. recently applied to the CSCDA for the issuance of \$1.855 million in industrial development bonds for the construction of a new manufacturing facility, to be located at 390 Fremont Street, in order to expand its operations.
- 4. Pursuant to the Joint Exercise of Powers Agreement, the CSCDA will not approve financing for a manufacturer unless the governing body of the jurisdiction in which the manufacturer is located (a) is a member of the CSCDA and (b) approves the project and financing therefor. Furthermore, in accordance with Section 147 (f) of the Internal Revenue Code of 1986, the proposed financing must be approved by the governmental unit having jurisdiction over the area in which the facility to be financed is to be located. Mr. Tim Grace of the Mayor's Office of Business and Community Services advises that in order to comply with the above requirements, the Board of Supervisors must first approve the proposed resolution, which would authorize the City and County of San Francisco to become a member of the CSCDA.
- 5. In addition, the Mayor's Office of Business and Community Services advises that, in order for Pixxon, Inc. to receive financing through the CSCDA, the Board of Supervisors must conduct a public hearing, to be advertised in the City's official newspaper with at least 14 days prior notice, in order to provide a reasonable opportunity for persons to comment on the issuance of industrial development bonds on behalf of Pixxon, Inc. and on the location of the construction project. Finally, a separate resolution, which would approve the issuance of industrial development bonds on behalf of Pixxon, Inc., must be approved by the Board of Supervisors. Mr. Grace reports that the public hearing has not yet been scheduled.
- 6. According to Mr. Grace, there are no membership or other costs to the City to become a member of the CSCDA. Furthermore, the CSCDA has advised that the City would not have any financial or legal liability by approving the issuance of industrial development bonds on behalf of Pixxon, Inc. Attached is a letter from Orrick, Herrington & Sutcliffe, bond counsel for Pixxon, Inc., stating that, although the City would be approving the bond financing for Pixxon, Inc. for the purposes of

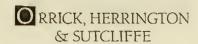
Memo to Budget Committee November 15, 1995

Federal tax law and the Joint Exercise of Powers Agreement, the City would not have any liability therefor. According to Mr. Victor Castillo of the City Attorney's Office, as of the writing of this report, the City Attorney's Office had not performed an in-depth analysis of the proposed legislation and is therefore unable to comment regarding any potential liability to the City resulting from the proposed resolution or from the approval of the bond financing for Pixxon, Inc.

7. Ms. Stephanie Carlisle of the Office of the Chief Administrative Officer (CAO) advises that the approval of the proposed resolution would not significantly increase the workload for City employees and would therefore not result in any additional costs to the City.

#### Recommendation

Approval of the proposed resolution is a policy matter for the Board of Supervisors.



October 17, 1995

Direct Dial

415/773-5756

#### VIA FACSIMILE AND MESSENGER

Mr. Tim Grace Office of the Mayor City and County of San Francisco San Francisco, CA 94102

Re:

California Statewide Communities Development Authority Industrial Development Revenue Bond Financing for Pixxon, Inc.

Dear Mr. Grace:

Pursuant to Jerry Burke's request, enclosed please find a form of (i) Resolution (the "JPA Resolution") for consideration of the Board of Supervisors of the City and County of San Francisco authorizing the execution of an Amended and Restated Joint Exercise of Powers Agreement (the "JPA Agreement") relating to the California Statewide Communities Development Authority (the "CSCDA"), (ii) TEFRA Notice, (iii) Notice of Filing an Application, (iv) Resolution (the "IDB Resolution") for consideration of the Board of Supervisors of the City and County of San Francisco approving the issuance of industrial development revenue bonds ("IDBs") through the CSCDA, (v) a copy of the JPA Agreement and (vi) a list of program participant members ("Program Participants") of the CSCDA. Set forth below is a brief summary of the basis for the power of the CSCDA to accomplish an IDB financing, as well as the action required to be undertaken by a Program Participant of the CSCDA in order for such financing to proceed. The CSCDA structures its IDB financings so that neither the CSCDA nor the relevant Program Participant has any liability therefor.

Pursuant to the provisions of the Joint Exercise of Powers Act, comprising of Article 1, Article 2 and Article 3 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the "Act"), a number of California cities, counties and special districts have entered into a JPA Agreement pursuant to which the CSCDA was organized. Currently, over 30 cities, over 40 counties and over 40 special districts are Program Participants of the CSCDA. Upon the adoption of the JPA

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Les Angeles • New York • Sacramento • Washington, D.C.



Mr. Tim Grace October 17, 1995 Page 2

Resolution and the execution of the JPA Agreement, the City and County of San Francisco will become a Program Participant of the CSCDA.

The CSCDA is authorized by its JPA Agreement to issue bonds, notes, or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development. Pursuant to the JPA Agreement, the CSCDA will not approve a financing unless the governing body of the Program Participant in whose jurisdiction the project is located (or to be located) approves the project and the financing therefor.

Furthermore, Section 147(f) of the Internal Revenue Code of 1986 requires that the proposed financing be approved by a governmental unit having jurisdiction over the area in which the facility to be financed is located. A financing will be treated as having been approved by a governmental unit if such issue is approved "by the applicable elected representative of such governmental unit after a public hearing following reasonable public notice."

The foregoing will be deemed satisfied if the Board of Supervisors of the City and County of San Francisco adopts the JPA Resolution joining the CSCDA, holds a public hearing upon at least 14 days prior written notice published in a qualified newspaper (the "TEFRA Hearing") and adopts the IDB Resolution approving the financing to be undertaken through the CSCDA. Again, although the City and County of San Francisco would be approving the financing for the purposes of federal tax law and the JPA Agreement, the City and County of San Francisco would not have any liability therefor.

Please note that our office will be happy to assist you with the publication of the TEFRA Notice and the Notice of Filing an Application. Keeping in mind that such notices must be published at least 14 days in advance of the TEFRA Hearing, please contact me at my office



Mr. Tim Grace October 17, 1995 Page 3

as soon as the date of the TEFRA Hearing has been determined, with respect to Pixxon, Inc.'s financing, so that we may coordinate for you the publication of the notices.

As you may know, in addition to our serving as bond counsel to the CSCDA, other attorneys at Orrick, Herrington & Sutcliffe regularly act as bond counsel to the City and County of San Francisco. I suspect that any financings done through the CSCDA will need to be coordinated with the Chief Administrate Officer's office and the City Attorney's office. I have taken the liberty of providing copies of this letter to Laura Wagner-Lockwood, Victor Castillo in the City Attorney's office and to Bill Doyle in our San Francisco office, who does bond counsel work for the City.

Should you have any questions or comments, please do not hesitate to call me.

Very truly yours,

Lawrence N. Tonomura

#### Enclosures

cc: Laura Wagner-Lockwood, Director of Public Finance (w/encls.)
Victor Castillo, Assistant Deputy City Attorney (w/encls.)
Jerry Burke, California Statewide Community Development Authority (w/o encls.)
Bill Bothwell, Esq., Orrick, Herrington & Sutcliffe (w/o encls.)
Bill Doyle, Esq., Orrick, Herrington & Sutcliffe (w/encls.)
Larry Sobel, Esq., Orrick, Herrington & Sutcliffe (w/o encls.)



Memo to Budget Committee November 15, 1995 Meeting of Budget Committee

#### Item 8 - File 292-95-1

Department:

Assessor Controller

Item:

Resolution electing to participate in the State-County Tax Administration Program subject to the State Revenue and Taxation Code; authorizing the Assessor and the Controller to negotiate an agreement with the State Department of Finance.

Description:

State Assembly Bill 818 established the State-County Tax Administration Program. This program is designed to encourage and assist local governments in improving the administration and collection of property tax revenues. Cities that participate in the program may borrow money from the State. Each City will negotiate a series of performance measures related to property tax administration. However, if the City achieves its negotiated performance goals, the State will consider the loan repaid. In other words, the loan will essentially be forgiven by the State if the City meets its performance goals.

The proposed resolution states that the City and County of San Francisco elects to participate in this Program upon the completion of satisfactory negotiations by the Assessor and the Controller with the State Department of Finance. The enabling legislation (A.B. 818) requires county legislative bodies to approve such a resolution by December 1 in order to remain eligible to participate in the Program. Approval of this resolution would not commit the City to obtaining the funds. However it would authorize the Assessor and the Controller to make that determination upon completion of negotiations with the State Department of Finance.

A.B. 818 establishes a maximum amount of money that each county may borrow from the State. San Francisco is authorized by the State to apply for loans of up to \$1,013,332 for each of FY 1995-96, FY 1996-97 and FY 1997-98, or an estimated total of \$3,039,966. As stated above, if San Francisco meets a set of to-benegotiated performance goals, the State will consider that year's loan repaid. If the City is found to have failed to meet these performance goals, the State could intercept local Vehicle License Fee revenue in

the following fiscal year to obtain repayment. No interest would be charged on the loan.

#### Comments:

1. Mr. Matthew Hymel of the Controller's Office reports that in the previous fiscal year, FY 1994-95, the State provided San Francisco with a \$1.3 million grant to assist in property tax administration. Mr. Hymel states that the FY 1995-96 budget already includes \$1.3 million in projected General Fund revenue that was anticipated from this grant program, so participation in this program would not result in additional revenues to the General Fund for FY 1995-96. However, if the City does not participate in the program, General Fund revenues would be lower than budgeted.

Although the City will receive \$286,668 less from the State under this program than was originally anticipated (\$1,300,000 budgeted less \$1,013,322 to be received), other, unrelated unanticipated revenues from the State will make up the balance.

- 2. Mr. Hymel states that the Controller does not expect to budget a repayment of the borrowed funds in future fiscal years, because, as noted above, the City will not have to repay the State as long as the negotiated performance measures are met.
- 3. If the proposed resolution is approved, the Assessor and the Controller would have until March 31, 1996 to negotiate specific performance measures with the State Department of Finance. A.B. 818 generally outlines the types of performance measures that would be used, as follows:
- County performance as measured by the State Board of Equalization's survey required per Section 15640 of the Government Code (a sample survey of assessment accuracy and uniformity).

 Performance measures adopted by the California Assessor's Association.

- Reduction of the backlogs of (a) assessment appeals and (b) reassessments triggered by Proposition 8, a State proposition that requires that property never be assessed at greater than its market value:
- County compliance with mandatory audits required by Section 469 of the State Revenue and Taxation Code;

- Reduction in backlogs in assessments based on new construction, changes in ownership and the supplemental roll (amount to be determined); and
- Other measures as determined by the Department of Finance.
- 4. Mr. Verne Walton of the Assessor's Office states that the Assessor plans to reduce the new construction and assessment appeals backlogs, as well as to install a new property tax automation system, over the three years that the State-County Tax Administration Program is in effect. Mr. Walton states that participation in the Program will benefit the City in two ways. First, by providing the City with over \$3 million in General Fund revenues from the State over the next three years, which he and the Controller do not expect to have to repay to the State; and second, by providing an added incentive to achieve improvements in property tax administration which should, in turn, result in increased property tax revenues to the City.
- 5. A.B. 818 also includes a maintenance of effort clause. Counties participating in the State-County Tax Administration Program must provide a base level of financing for the Assessor's Office equal to the lower of the Assessor's FY 1993-94 budget or the Assessor's FY 1994-95 budget, less the State's FY 1994-95 grant for property tax administration. Mr. Hymel reports that the San Francisco Assessor's Office had a budget of \$6,011,534 in FY 1993-94, and \$5,855,254 in FY 1994-95. Because the State contributed \$1.3 million for property tax administration in FY 1994-95, Mr. Hymel advises that, if the City participates in this program, local funding for the Assessor's Office would have to be at least \$4,555,254 (\$5,855,254 less \$1,300,000) for each of the next three years. Mr. Hymel states that this maintenance of effort requirement should not be difficult to achieve, because the Assessor's Office has a budget of \$6.302,208 in FY 1995-96 as approved by the Board of Supervisors.
- 6. In the professional judgment of the Budget Analyst, participation in this State-County Tax Administration Program will be beneficial to the City so long as the Assessor and the Controller are successful in negotiating realistic performance measures with the State Department of Finance.

BOARD OF SUPERVISORS BUDGET ANALYST

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Memo to Budget Committee November 15, 1995 Meeting of Budget Committee

Therefore we recommend that, at such time as they have completed these negotiations with the State, the Assessor and the Controller report to the Board of Supervisors their latest assessment of the likelihood that the City will be able to meet the goals and avoid repayment of the State loans.

#### Recommendation:

- 1. Amend the proposed resolution to require the Assessor and the Controller to report to the Board of Supervisors at such time as they have completed negotiations with the State Department of Finance, with an assessment of the likelihood that the City will be able to meet the performance goals and avoid repayment of the loans from the State.
- 2. Approve the proposed resolution as amended.

Item 9 - File 97-95-62

Department: Trial Courts

Item: Ordinance amending the San Francisco Administrative Code

by amending Article XV, Section 10.140 thereof, authorizing an increase in the Cash Revolving Fund of the Superior

Court from \$2,500 to \$5,000.

Description: The proposed ordinance would amend Article XV, Section

10.140 of the Administrative Code by changing the words "County Clerk Department" to "Superior Court" and increasing the amount of the Revolving Fund from \$2,500 to

\$5,000.

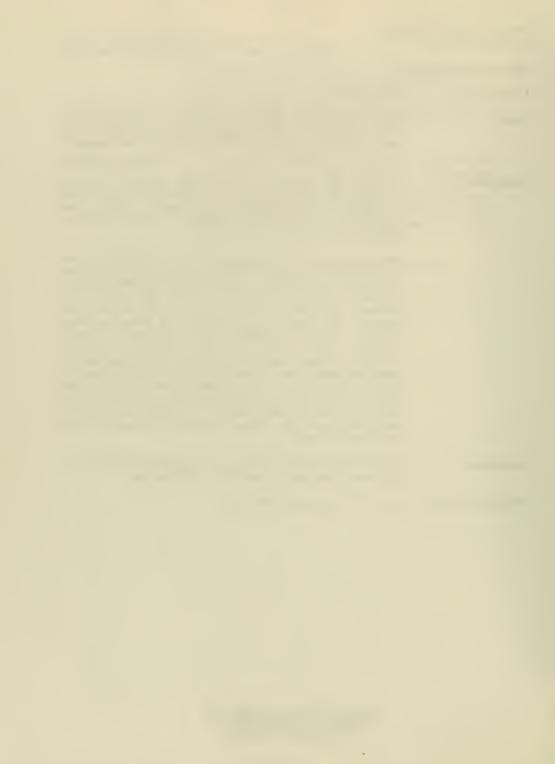
According to Ms. Kate Harrison of the Trial Courts, the Revolving Fund is used to a) pay jury fees (\$6.50/ per day per jury member - the Revolving Fund is then reimbursed by the Criminal Jury Fees Account) and b) cash checks from attorneys of private legal firms who pay for jury member lunches. Ms. Harrison advises that the Revolving Fund amount of \$2,500 was established in 1977, and is no longer sufficient to allow the Court to pay jury fees and cash checks for lunches of jury members without having to replenish the Revolving Fund every 3 days. As such, the Trial Courts is requesting to a) increase the Revolving Fund by \$2,500, from \$2,500 to \$5,000 and b) change the name of the County Clerk Revolving Fund to the Superior Court Revolving Fund to reflect the absorption of the County Clerk Department into

the Superior Court.

Comment: Funds for this \$2,500 increase in the Revolving Fund were

approved in the Trial Courts' FY 1995-96 budget.

**Recommendation:** Approve the proposed ordinance.



#### Item 10 - File 100-95-12

Note: This item was continued by the Budget Committee at its meeting of November 8, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.



Memo to Budget Committee November 15, 1995 Budget Committee Meeting

ltem 11 - File 97-95-61

Department:

San Francisco Fire Department

Item:

Ordinance amending Chapter 2 of the San Francisco Administrative Code by amending Section 2.70-6 thereof, to require permits and inspections and authorize permit and inspection fees to be charged by the Fire Department to sponsors of street fairs where food vendors will use propane, butane, charcoal briquettes, open flames, and to require permits and authorize permit fees to be charged whenever fireworks or tents are used at a street fair.

Description:

The proposed ordinance would amend Chapter 2, Section 2.70-6 of the Administrative Code regarding the regulation of street fairs, to require that; (a) the sponsor of a street fair obtain inspections from the Fire Department for the use by food vendors of propane, butane, charcoal briquettes, and open flames, and, (b) that the sponsor of a street fair obtain permits as listed below.

All of the permit fees and inspection fees detailed in this ordinance were previously charged to street fair sponsors under provisions of the Fire Code. However, in September of 1995, the Fire Department stopped charging these fees in response to a complaint and to a subsequent City Attorney's opinion that the fees in question were not detailed in the Administrative Code. The proposed ordinance would specify that Fire Department permits and inspections are required for street fairs by placing these requirements in the Administrative Code as well as the Fire Code, and would adjust the fee amounts, as shown below. The City Attorney has advised that approval of this proposed ordinance will allow the Fire Department to collect permit and inspection fees from street fair sponsors.

The schedule of permit fees and inspection fees to be charged to sponsors of street fairs for Fire Department permits and inspections is intended to cover the Fire Department's actual costs for staff time required for issuing permits to street fairs. The proposed schedule of fees is shown in the Attachment. Changes from the existing fees to the new fees shown in the Attachment are summarized as follows:

• Application fee. The Fire Department previously charged an application fee of \$129.00. This fee is unchanged in the proposed ordinance.

- Inspection fee for food vendors using propane, butane, etc. Previously, the Fire Department charged sponsors of street fairs for these inspections a one-time only base fee of \$129.00 plus \$40.00 for each unit (propane butane, etc.) used by a food vendor. The proposed ordinance instead charges, for the first day of the street fair, a base fee of \$163.28 based on four hours of an inspector's time at a straight time hourly rate of \$40.82, plus fees for additional hours of time corresponding to the number of vendors, as shown in the Attachment. For additional consecutive days of the street fair, the proposed ordinance would require a fee of \$163.28, based on four hours of staff time if 1-20 vendors are present, or \$326.56, based on 8 hours of staff time if 21 or more vendors are present.
- Inspection fee for use of a Liquefied Petroleum Gas (LPG) heater in a tent. Previously, the Fire Department charged for these inspections a base fee of \$129.00. The proposed ordinance instead charges a base fee of \$163.28 and based on four hours of Fire Department staff time at a straight time hourly rate of \$40.82, plus \$40.82 for each hour over four hours which is required. When an LPG heater is used in a tent, the Fire Department advises that the Fire Code and State law require that a Fire Marshal be present at all times.
- Permit fee for use of fireworks or pyrotechnics. The Department charges a permit fee of \$90.00 for use of fireworks or pyrotechnics. This fee is unchanged in the proposed ordinance.
- Permit fee for a tent or membrane structure. The Department charges a permit fee of \$146.00 for use of a tent or membrane structure. This fee is unchanged in the proposed ordinance.

#### Comments:

1. According to Lieutenant Mike Braida of the Fire Department, the Department estimates that approximately \$60,000 in fee revenues has been collected annually from street fair sponsors under the existing fees described above, and that it estimates it will collect approximately this same amount in fee revenues under the new fee schedule. Lt. Braida notes that the Department has been issuing permits and performing inspections at street fairs, but has stopped collecting fees from street fair sponsors, since mid-September of 1995, when the complaint noted above was made. As noted above, the City Attorney reports that approval of the proposed ordinance would allow the Fire Department to collect these permit and inspection fees from sponsors of street fairs.

Memo to Budget Committee November 15, 1995 Budget Committee Meeting

- 2. The Fire Department previously collected inspection fees on a one-time only basis, charged an overtime hourly rate, and charged a unit cost of \$40.00 each for food vendors using propane, butane, etc. With the proposed ordinance, the Department will use a lower hourly rate for inspection fees, and an effective lower unit cost under the inspection fee scale shown in the Attachment. However, according to Lt. Braida, chiefly because the Department will collect inspection fees for each day that inspections are required, the Fire Department will still be able to recover its costs, and the fees paid by sponsors of street fairs will more accurately represent the real costs to the Fire Department for the necessary inspections.
- 3. In addition to the Fire Department fees listed above, street fair sponsors are already required to pay fees to the Department of Public Health for inspection of food and beverage booths, to the Municipal Railway if bus routes are affected, and to the Police Department for 40 percent of Police costs associated with policing a street fair up to \$2,500 unless a waiver is granted.

**Recommendation:** Approve the proposed ordinance.

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paid by the sponsors for street fair permits shall be deposited
   in the general fund. The fee shall be based on the actual costs
2 to the City of temporarily closing the street for the street
3
  fair, pursuant to the following fee schedule:
4
        Fire Department ((fee)):
5
6
              Application fee:
                                       $129.00
7
              Inspection fee -- Food Vendors using propane, butane,
              charcoal briquettes or open flame:
8
              First Day of Street Fair
9
              1 to 10 Food Vendors
                                       $163.28
              11 to 20 Food Vendors
                                       $326:56
10
              21 to 30 Food Vendors
                                       $489.84
              31 Food Vendors and Over $652.92
11
12
              Each Consecutive Day of Street Fair
              1 to 20 Food Vendors
                                       $163.28
13
              21 Food Vendors and Over $326.56
14
              LPG Heaters:
                                       $163.28 and $40.82 for each
15
                                       hour after four hours of
                                       service. Whenever an LPG
16
                                       heater is used in a tent where
                                       a public assembly event is
17 :
                                       held, one inspector shall be
                                       on duty during the duration of
18
                                       the operation of the heater.
19
                                     · pursuant to Section 25.117 of
                                    the Municipal Fire Code.
20
21
              Tents or Membrane
22
              Structures Permit Fee: $146.00
23
              Fireworks or Pyrotechnics
24
                                       $90.00
              Permit Fee: :
25
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FIRE DEPARTMENT
(6)
BOARD OF SUPERVISORS

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Items 12 and 13 - Files 101-95-24 and 102-95-6

Note: These items were continued by the Budget Committee at its meeting of

November 8, 1995.

Department: Department of Public Health Community Health Services

Item: Item 12, File 101-95-24 - Ordinance reappropriating

\$143,379 for salaries and fringe benefits for the creation and deletion one (1) position for the Department of Public Health

Community Health Services for FY 1995-96.

Item 13, File 102-95-6 - Amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995-96) to reflect the deletion of one position and the addition of one position in the Department of Public Health, Community Health Services

**Amount:** \$143,379

Source of Funds: Reappropriation of surplus funds in the Department of Public

Health FY 1995-96 Budget

Description:

The Department of Public Health (DPH), Community Health Services Division is requesting the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical Director, Emergency Medical Services Agency (EMSA) position. The DPH requests that \$143,379 in surplus monies be rescinded from Permanent Salaries, Fringe Benefits, and Salary Savings in the DPH's existing FY 1995-96 budget, and reappropriated to fund the reclassification of the Medical

Director position.

The DPH reports that the Department has attempted to recruit and hire a permanent Medical Director for the Emergency Medical Services Agency (EMSA) for two years and has not been able to attract qualified candidates because the existing salary of the 2235 Medical Director is lower than prevailing rates for an emergency medicine specialist in comparable counties.

The DPH is seeking reclassification of the Medical Director position which would increase the biweekly wage rate from \$3,966 - \$4,821 to \$4,753 - \$5,778. At the top step, the annual salary of the new classification will be \$150,806 or \$24,978 (19.9%) more annually than the annual salary of \$125,828 for the existing position.

The Department reports that the EMSA Medical Director requires board certification in emergency medicine, which is a qualification that commands a higher salary than that of other Medical Directors in the Department. The DPH reports that the proposed wage rate is consistent with that of associate level emergency medicine physicians working at San Francisco General Hospital.

The proposed ordinance (File 102-95-6) would amend the FY 1995-96 Annual Salary Ordinance to reflect the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical Director, EMSA position, for the DPH's Community Health Services Division.

**Budget:** 

The DPH is currently engaged in a national search for a Medical Director for the EMSA, and plans to have the position filled by February 1, 1996. The required funds that would be needed for Salaries and Fringe Benefits for the new AB04 Medical Director position, at a biweekly salary of \$4,753 at the first step, for 11 pay periods (February, 1, 1996 through June 30, 1996) is as follow:

 AB04 Medical Director, EMSA - (1 FTE)

 Salaries
 \$52,283

 Fringe Benefits
 9,934

 Total AB04 Medical Director
 \$62,217

#### Comments:

- 1. As noted above, the anticipated start date of the new AB04 Medical Director position is February 1, 1996, meaning that the DPH would only be able to fill this position for a total of 5 months or 11 pay periods, during FY 1995-96. Therefore, the proposed request for Salaries should be reduced by \$72,451 from \$124,734 to \$52,283, and the proposed request for Fringe Benefits should be reduced by \$8,711, from \$18,645 to \$9,934 to reflect the cost for 5 months of Salaries and Fringe Benefits instead of 12 months. As such, the proposed total request should be reduced by \$81,162, from \$143,379 to \$62,217.
- 2. Dr. Mitchell Katz, M.D., Director of the DPH's Epidemiology, Disease Control and AIDS (EDCA) Division, advises that in September, 1993, an Emergency Medicine certified physician was hired to serve as the Interim Medical Director for the EMSA until a permanent Medical Director was found, but the Interim Medical Director resigned in February, 1995. Dr. Katz advises that in addition to his current duties as Director of EDCA, he has also been performing the duties of the EMSA Medical Director since February, 1995. Dr. Katz, further advises that because the

EMSA Medical Director position requires Board Certification in Emergency Medicine, there are no DPH employees that are qualified for this position.

- 3. Attachment I is a Memorandum from Dr. Katz to the Budget Analyst Office stating the DPH's position on the proposed reclassification of the EMSA Medical Director position. Dr. Katz' Memorandum references the following Sub-Attachments: a) Letter from a doctor that was offered the Medical Director position, stating that family concerns and inadequate benefits were reasons for declining the 2235 Medical Director position, b) Memorandum from Ms. Arla Escontrias, Affirmative Action Specialist, to Ms. Abbie Yant. Assistant of the EMS Agency, recommending " . . . not continuing this recruitment [for an EMSA Medical Director] unless the department [DPH] considers increasing the salary or lowering the minimum qualifications." (Ms. Escontrias advises that although her title is Affirmative Action Specialist, she also handles all other administrative recruitment procedures for the DPH), and a c) Survey, conducted by the DPH, which shows a comparison of EMSA Medical Director hourly wages for various Counties throughout California.
- 4. The Survey (Attachment Ic) uses hourly rates as a basis for comparison because all of the surveyed counties, with the exception of San Francisco, employ part-time EMSA Medical Directors on a contract basis. The survey shows that the hourly rate for San Francisco's existing 2235 Medical Director position at the top step (\$60.26/hr.), is higher than the hourly rate for Contra Costa County (\$60.00/hr.) and Orange County (\$58.64/hr.), but lower than Alameda County (\$71.63/hr.) and San Diego County (\$82.69/hr.). The hourly rate for the proposed new AB04 Medical Director, EMSA position ranges from \$59.41 at the lowest step to \$72.23 per hour at the top step, plus benefits. Among the 5 counties to respond to the survey, the City and County of San Francisco is the only County to provide benefits for their EMSA Medical Director.
- 5. Ms. Linda Marini, of the Department of Human Resources, reports that the only other Civil Service position within the City to earn an annual salary of more than \$150,806 at the top step (proposed AB04 Medical Director salary at the top step) is classification 1164 Administrator, SFGH Medical Center. The annual salary of the 1164 Administrator, SFGH Medical Center, at the top step is \$165,265. The proposed AB04 Medical Director's salary in the amount of \$150,806 at the top step is higher than the

> annual salary of the Director of Public Health (\$135,459 at the top step), and the annual salary of the Mayor (\$138,669).

- 6. Attachment II is a memorandum from Mr. Wendell Pryor. Director for the Department of Human Resources (DHR). Mr. Prvor's memorandum states that the DHR cannot make a final classification/compensation recommendation for the proposed reclassification until additional information is received from the DPH and analyzed by DHR staff. Mr. Prvor's memorandum lists the information that would be required in order for the DHR to make a final decision on the proposed reclassification.
- 7. The Department of Human Resources and the Department of Public Health have requested that these items be continued until November 29, 1995 to allow the departments additional information and prepare obtain recommendations requested by the Budget Analyst.

- Recommendations: 1. In accordance with Comment No. 1 above, reduce the proposed ordinance by \$81,162, from \$143,379 to \$62,217, to reflect the cost for five months rather than full-year salary and fringe benefit costs for the proposed AB04 Medical Director, EMSA position (101-95-24).
  - 2. Continue these items to the Budget Committee meeting of November 29, 1995 as requested by the Department of Human Resources and Department of Public Health.

#### City and County of San Francisco

#### Department of Public Health



#### **MEMORANDUM**

October 31, 1995

TO:

Mikyung Kim

Budget Analyst

FROM:

Mitchell H. Katz, MD

Interim Medical Director, EMS Agency

Director, Epidemiology, Disease Control & AIDS

I have received your request for written justification about the EMSA Medical Director and am happy to provide this information. As you know the Health Department is requesting a supplemental appropriation in order to fill this critical position. I am supplying you with a brief description of the EMSA Agency (EMSA), a list of the duties and needed qualifications of the EMSA Medical Director, an explanation of why we are seeking an increase in salary for the EMSA Medical Director, the consequences of having this position vacant,

The EMS Agency is responsible for coordinating all health aspects of the 911 Emergency Medical System in San Francisco. This system receives over 65,000 emergency calls a year and transports over 40,000 San Francisco residents and visitors a year. The providers who are regulated by this agency include the Fire Department first responders, Central-medical Dispatch, the public paramedics, three private agency paramedics, 10 receiving hospitals, a single base hospital (which provides consultative services to the paramedics), and a trauma center. In addition the agency is responsible for planning the Disaster Preparedness and Response needs for the entire Health Department.

Every county is required to have an EMSA Medical Director by the State of California.

A list of the Responsibilities of the EMSA Medical Director and the Qualifications are listed below.

#### Responsibilities include:

- 1. Plans, implements, and evaluates the EMS System.
- Ensures quality emergency medical services are delivered through policy, procedure, protocols, and standards,
- Advises the Director of Health and the Deputy Director of Health on matters pertaining to emergency medical issues with the Department of Health and the Emergency Medical Services System.

- Represents the Department of Health to outside agencies and the general community on emergency medical issues.
- Participates in committees and professional organizations related to EMS including the San Francisco Emergency Physicians Association and the State EMS Medical Directors Association.
- Certifies pre-hospital personnel according to State and local regulation and provides for disciplinary action as needed.
- 7. Actively interacts and consults regarding BMS with department and community physicians.
- 8. Reviews and approves pre-hospital training programs.
- 9. Provides emergency medical input into department disaster plans.
- 10. Provides for special studies and research of EMS to improve EMS services.
- 11. Performs other duties as assigned by the Director of Health.
- 12. Develops, implements, and monitors budget.

#### Qualifications (Required):

- Possession of a valid license to practice medicine issued by the California Medical Board.
- Board certification by the American Board of Emergency Medicine.
- Three years experience in emergency medicine.
- At least one year of experience working in an administrative position within EMS.

The Department has requested and received an "A" Class number for this position at FY 95/96 Salary schedule 81.0 \$4,753 B 5,778 because of the difficulties recruiting a qualified individual for this position at the previous salary.

Specifically, when the original incumbent resigned from the EMSA position in Class 2235 Medical Director, another provisional appointment was made and a national search for a permanent replacement launched in September 1993. The recruitment drive resulted in the receipt of only four applications, two of which met the minimum qualifications. The incumbent did not wish to be considered for a permanent appointment and therefore did not file an application. One of the two candidates who were interviewed was deemed successful and he was offered appointment to the position. Unfortunately, he declined the position several months later, partially due to the non-competitive salary and benefits package (See attached March 1994 letter to Larry Meredith, Ph.D., Deputy Director of Operations, DPH). Other recruitment difficulties are further detailed in the attached December 12, 1994 memo from Arla Escontrias, Affirmative Action Specialist to Abbie Yant, Assistant Director, EMSA.

A recent salary survey of comparable positions within other jurisdictions (Copy attached) does confirm that two of the four (50%) responding agencies have a more competitive salary than the top rate for the subject position. Further analysis indicates also that the recommended FY 95/96 salary of Schedule 81.00 \$60.00 H 73.00 for the subject "A" Class is more competitive and should therefore facilitate recruitment of more qualified applicants for the position.

Because of the State mandated requirement that there be an EMSA Medical Director, there has always been a physician functioning as an Interim Medical Director. When the last permanent Medical Director left in September 1993, an Emergency Medicine certified physician agreed to serve as the Interim Medical Director only until a permanent medical Director was found. He

Memo: Mikyung Kim

was not interested in applying for the permanent position. In fact, he resigned in February of 1995 prior to the selection of a new Medical Director. Unfortunately, the recruitment effort failed and I have served as the Medical Director for the agency since February of 1995 in addition to my permanent position (Director, Epidemiology, Disease Control & AIDS; Budget; 80 million; Staff; 380 positions).

The lack of a permanent medical director has had a negative impact on the EMSA and the city. Although I have been able to maintain core functions, several important functions have not been fulfilled. We have done very little training, both of paramedics and of the general population (e.g., bystander CPR, first aide). We have done little outreach to the community to learn how to make EMS services more responsive to their needs. In the past the EMSA has done a great deal of research on out-of-hospital care. Because of the lack of a Medical Director we have received less research funds this year than in past years (Research funds in FY 95-96 are \$90,000 compared to over \$200,000 two years ago). Finally, the lack of a Medical Director has had a detrimental effect on morale through the EMS system. The city has been publicly criticized by the San Francisco Emergency Physician's Association and the San Francisco Paramedic Division for our failure to hire a full-time, permanent Medical Director. To these groups our failure indicates that we do not prioritize these services despite the fact that the lives of San Francisco's residents and visitors depend on it.

cc: Sandra Hernández, MD Anne Kronenberg

Paul	Kra	chmal,	MD.
1 444	IXIU	CIBILBUL,	WAL.

800 Village Walk #286 Gülford, CT 06437

TO

March 27, 1995

Larry Meredith, PhD
Deputy Director of Operations
Department of Public Health
101 Grove
San Francisco, CA 94102

Dear Dr. Meredith:

I am sorry to tell you that I must withdraw from consideration for the position of EMS Medical Director. My reasons are primarily personal.

The position in San Francisco is more interesting than any other I have considered. The people are great and San Francisco is fascinating, However, I have come to the conclusion that this would be a very awkward moment in time for me to move so far from my elderly parents.

In all fairness, I am also concerned about the total compensation package. While money is not everything, the benefit package is about as slim as it gets. Two weeks of vacation for 5 years! \$500/year in tuition? Nevertheless I would be interested enough in this position to be willing to subsidize San Francisco if it were not for my family situation. The marginal compensation would make it very difficult to get to the East Coast on a regular basis.

I can't thank you enough for all you have done. Please express my regrets to the others.

Sincerely,

Paul Krochmal, MD, FACEP

MAR 3 0 1995

#### City and County of San Francisco

### Department of Public Health



December 12, 1994

To:

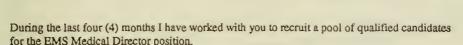
Abbie Yant, Assistant of EMS Agency

From:

Arla Escontrias, Affirmative Action Specialist

Re:

**EMS Medical Director Recruitment** 



You took the responsibility to mail out the job announcements to various EMS agencies to place advertisements in national, state wide and local EMS journals. As a follow up to your direct mail out I made several phone calls to the individuals and agencies on your mailing list and to my contacts. Unfortunately my efforts were not well received because I was told the salary (\$49.13-59.73 hourly) was too low. I was advised by ten (10) doctors that the salary is much to low for this type of position with these responsibilities. The doctors I spoke with stated that the salary is not competitive (\$86.53 hourly) with what other medical directors are currently making. It was suggested that if the department does not raise the salary then the minimum requirements for should be lowered to attract physicians with little or no experience.

I also called Dr. Pointer in Florida hoping that he might direct me to someone who may be interested in applying for the position or refer me to other recruitment sources. He sent me a fax stating that the salary is to low.

Recruitment for this position began in September. To date we have recruited four (4) applicants. I recommend not continuing this recruitment unless the department considers increasing the salary or lowering the minimum qualifications.

Should you have any questions or suggestions how to proceed please contact me at 554-2597.

cc:

Dr. Doug Goldman Larry Meredith Rafael Centeno Gloria Louie

Sub-Attachment Ic

7 5125/95

#### Ulty and County of San Francisco



Department of Public Health Classification, Recruitment & Selection Units

Recruitment & Selection Units
Building 10, Ward 13
1001 Potrero Avenue

San Francisco, CA 94110

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Date:

July 12, 1995

To:

Ed Gazzano

Human Resources Director

From:

Joel Hurwitz

Through:

Yvette Stuart

Classification Manager

RE: 2235 EMSA SURVEY

As requested, attached are results of a survey of EMSA Medical Director positions in California with information specific to compensation, FTE, and MQ's.

If I can be of any further assistance, I can be reached at 206-5430. Please note that I will be on vacation until July 20, 1995.

JH/2235emsa.mem

## CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY,7/95

LOCATION	COMPENSATION AND FIE	MQ'3	COMMENTS
City And County Of S.F.	Class 2235 Med Dir. \$49.5750H60.2625	Bd. Cert. In Emergency Med.  5 years employment as a ER Physician.	Provides benefits
Alameda County Olivia Williams Personnel Director 510-268-2570	\$71.63H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	Two year contract for a total of \$149,000 for a .5 FTE Med. Dir., No benefits.
Contra Costa County Lauren Caldwell Asst. Dir. EMSA 510-646-4690	\$60.00H/.5FTE	Bd. Cert. In Emergency Med. Substantial Exp. and employment as a ER Physician	Currently vacant  No benefits
Orange County Betty O'Rourke Dir.EMSA 714-568-4283	\$58.64H/.75FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	The actual compensation is \$106,000 per year for a .75 FTE Med. Dir., No benefits.
San Diego County Bruce Leicht Prin, Adm. Anal EMSA 619-285-6430	\$82.69H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	No benefits
San Mateo County Sue Farrin 573-2367	,		Per Sue Farrin-no comparable position.
L.A. County Sheryll Hailey 213-890-7545			Per Sheryll Hailey- no comparable position.
Marin County Katey Gaier 499-6104			Per Katey Gaier-no comparable position

CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY, 7/95 (Continued)
Page #2

<u>LOCATION</u>	COMPENSATION AND FTE	MO's	COMMENTS
Sacramento County Randy Lee 916-366-2553			No responde to survey
Santa Clara County Jan Walter 408-885-5450			No responce to survey

JH/2235EMSA

#### Ity and County of San Francisco



#### Department of Human Resources

WENDELL L. PRYOR, HUMAN RESOURCES DIRECTOR

#### MEMORANDUM

Date:

November 3, 1995

To:

Harvey Rose

Board of Supervisors' Budget Analyst

From:

Wendell IX Proof X Human Resources Director

Subject:

Medical Director, EMSA Reclassification

"A" classes are temporary code numbers which are issued when preliminary information suggests that use of existing classes may not be warranted, yet the positions require additional classification review to determine the appropriate class. AB04 was issued at the request of the Department of Public Health, which indicated that recruitment difficulties and the unique nature of this critical position, including the highly specialized skills and certifications required, necessitate a higher level class. A final classification/compensation recommendation cannot be made by the Department of Human Resources until the information listed below is received from the Department of Health and analyzed by DHR staff:

- A completed job analysis questionnaire describing the duties and responsibilities
  of the position.
- A survey of total compensation for comparable positions in other organizations to include salary and benefit information.
- An organizational chart of the Emergency Medical Services Agency delineating the reporting relationships and line responsibilities of this position.
- A classification analysis including documention of the level and concept of the position.
- 5) A draft class specification.

delimento.wrd

Post-It* Fax Note 7671	Onto 11/3/95 pagos /
To Harry Rose	From Wendell Pringer
Co./Dept.	Co. DITR
Phone 4	Phone 1 557-4944
Fax # 252-0461	Fax #



#### Item 14 - File 101-95-27

**Department:** Department of Public Health (DPH)

Community Substance Abuse Services (CSAS)

Item: Ordinance appropriating \$1,725,689 from the General Fund

Reserve for Professional Services to allow the Department of Public Health, Division of Mental Health and Substance Abuse Services to continue substance abuse and child care services for Fiscal Year 1995-96. The proposed supplemental appropriation is to restore State funding that was cut after the City's budget was approved (in the amount of \$1,118,743) and to replace Federal grant funds that had expired prior to the beginning of the current 1995-96 Fiscal Year (in the amount of \$606.946).

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**Amount:** \$1,725,6891

Source of Funds: General Fund Reserve

Description: The approved FY 1995-96 budget includes DPH revenues based on Drug/Medi-Cal reimbursements from the State for the City's

provision of substance abuse treatment services. Subsequent to the adoption of the City's FY 1995-96 budget, the State adopted its FY 1995-96 budget and lowered the amount of Drug/Medi-Cal

reimbursement revenue to the City by \$1,118,743.

In addition to these State reductions, other funding gaps exist in the DPH as a result of Federal grant fund reductions. These Federal reductions include child care services (\$400,000) and substance abuse services reductions (\$206,946), totaling \$606,946. Therefore, the FY 1995-96 budget adopted by the Board of Supervisors did not include funding for these services in the grant programs portion of the budget. The DPH informed the Board of Supervisors that it was attempting to identify other funding sources for these programs.

The DPH is proposing to use funds from the General Fund Reserve to maintain services that CSAS would otherwise be unable to continue due to the funding reductions described above. Dr. Larry Meredith, Director of CSAS, advises that the DPH will reimburse the General Fund Reserve for the entire amount of the proposed supplemental appropriation (\$1,725,689) pending the State's provision of additional, previously unanticipated, Mental Health Realignment funds which the DPH now expects to receive sometime after January 1, 1996.

<sup>&</sup>lt;sup>1</sup> To be replaced by new DPH State Realignment revenue as described above.

Specifically, the proposed supplemental appropriation would be used to (1) maintain the City's current level of substance abuse treatment services, which due to the State's FY 1995-96 Drug/Medi-Cal cost containment measures, have been reduced, and (2) restore substance abuse treatment slots for pregnant and post partum women, as well as child care services which have been eliminated due to a loss of Federal grant funds.

State Drug/Medi-Cal Service Reductions due to State Revenue Reductions (\$1,118,743)

In August of 1995, the State Budget Act and Assembly Bill 911 (1) established State maximum rates of reimbursement for Drug/Medi-Cal at the median costs for each service (Outpatient Methadone Maintenance, Outpatient Drug Free, Day Care Habilitative, Naltrexone, and Perinatal Residential), (2) limited the scope of services to be reimbursable by Drug/Medi-Cal, by eliminating individual counseling as part of the Outpatient Drug Free treatment modality for all individuals, and (3) limited the duration of Day Care Habilitative and Perinatal Residential Treatment modalities for post partum women from 12 to 18 months following delivery to 60 days (approximately 2 months) following the end of the month in which the pregnancy ends.

Mr. Jim Stillwell of the CSAS indicates that these service reductions will ultimately result in increased costs to the City because many of these high risk clients will end up in a more expensive hospital setting, in County jails, in foster care and in children shelters.

#### Federal Service Reductions (\$606,946)

The service reductions described below will result from the Federal grants that were eliminated in April, 1995. As noted, funding was not included for these programs in the DPH's FY 1995-96 approved budget.

Childcare Services

The loss of \$400,000 in Federal funds for child care services will result in a reduction of therapeutic child care services for up to 257 children in San Francisco per year. Therapeutic child care services include therapeutic interventions with the children to address developmental needs, and issues of sexual abuse, physical abuse and neglect. These services have been provided through various treatment providers, such as the Women's Alcoholism Center (WAC), and the Jelani House.

Dr. Meredith advises that the most important reason to provide therapeutic child care services is because many of the children are in need of therapy, and it is the experience of the

> Department that if a woman is allowed to remain united with her children, she is more likely to complete treatment.

> Dr. Meredith advises that the State Department of Alcohol and Drug Programs requires that therapeutic child care services be made available to any woman who is enrolled in a perinatal substance abuse program in the State. Dr. Meredith advises that although the State requires that child care services be provided, therapeutic child care services are not reimbursed by perinatal Drug/Medi-Cal.

In addition, Dr. Meredith advises that if the City does not provide these therapeutic child care services, then the City may lose up to \$740,000 in revenues for perinatal substance abuse services because the City is mandated to provide a certain level of childcare services in order to receive perinatal Drug/Medi-Cal funding.

Substance Abuse Services

The effect in San Francisco upon substance abuse services as a result of \$206,946 in Federal reductions would be a loss of 47 treatment slots per month for perinatal women. These services have been primarily provided by the Haight Ashbury Free Clinic, Inc. (HAFCI).

In order to compensate for the loss in Federal funds for the 47 treatment slots per month, a total of \$206,946, including the proposed supplemental appropriation would provide (1) \$139,719 to the HAFCI to restore 30 Outpatient Drug Free treatment slots for pregnant and postpartum women, and (2) \$67,227 to restore 17 Outpatient Drug Free Treatment slots as of January 1, 1996. Dr. Meredith advises that in order to maximize perinatal Drug/Medi-Cal billings, these 17 Outpatient Drug Free Treatment slots must be provided by a treatment provider which is certified to bill for perinatal Drug/Medi-Cal funds. As such, these services will be provided by eligible treatment providers as the result of a Request for Proposal (RFP) process.

- 0

#### **Budget:**

The proposed budget is as follows:

Provider	Appropriation
A. Perinatal Services	
IRIS Center	
Day Care Habilitative	\$58,087
Outpatient	43,554
Child Care	100,000*
Women's Alcoholism Center	
Residential Treatment	239,034
Day Care Habilitative	63,933
Child Care	150,000*
Jelani House	
Residential Treatment	175,101
Child Care	150,000*
Bay Area Addiction,	
Research & Treatment	
(BAART)	
Methadone Maintenance	167,619
Haight Ashbury Free Clinics Outpatient	139,719*
Outpatient	155,715
Provider to be determined	
Outpatient Services	67,227*
B. Adult Services	
18th Street Services	91 400
Outpatient Drug Free	21,498
Haight Ashbury Free Clinics	
Outpatient Detox	214,279
UCSF SFGH Stimulant	
Outpatient Program	
(STOP)	9,452
Westside Inner	
City Treatment Programs	
Outpatient Treatment	<u>126,186</u>
TOTAL	\$1,725,689

<sup>\*</sup>These programs, totaling \$606,946, were not in the FY 95-96 budget approved by the Board of Supervisors due to the expiration of grant funding.

#### Comments:

- 1. Mr. Stillwell advises that the funding for therapeutic child care services has been allocated to the IRIS Center, the WAC, and Jelani House because (1) these treatment providers provided these services under the Federal grant, and (2) each of these providers is certified to bill for Drug/Medi-Cal funds. Mr. Stillwell advises that CSAS is currently allowing these providers to bill CSAS for these child care services. However, Mr. Stillwell advises, if the supplemental appropriation is not approved, then the treatment providers must reduce treatment services in order to not exceed their total funding allocation for FY 1995-96.
- 2. The DPH reports that all of the services identified above have continued to be provided by the contractors, and therefore, pending the decision of the Board of Supervisors on the proposed supplemental appropriation ordinance, the DPH anticipates no disruption in service.
- 3. Ms. Susan Andrus of the Controller's Office confirms that the Controller's Office anticipates that there will be sufficient additional State Mental Health Realignment funds to reimburse the General Fund Reserve for the entire amount of \$1,725,689.
- 4. Given that the DPH is requesting to restore certain childcare and substance abuse services that were formerly grant funded and not originally approved by the Board of Supervisors in the FY 1995-96 budget (as detailed above), we consider approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

**Recommendation:** Approval of the proposed supplemental appropriation is a policy matter for the Board of Supervisors.

M. Pose

cc: Supervisor Hsieh

Supervisor Kaufman Supervisor Bierman

President Shelley

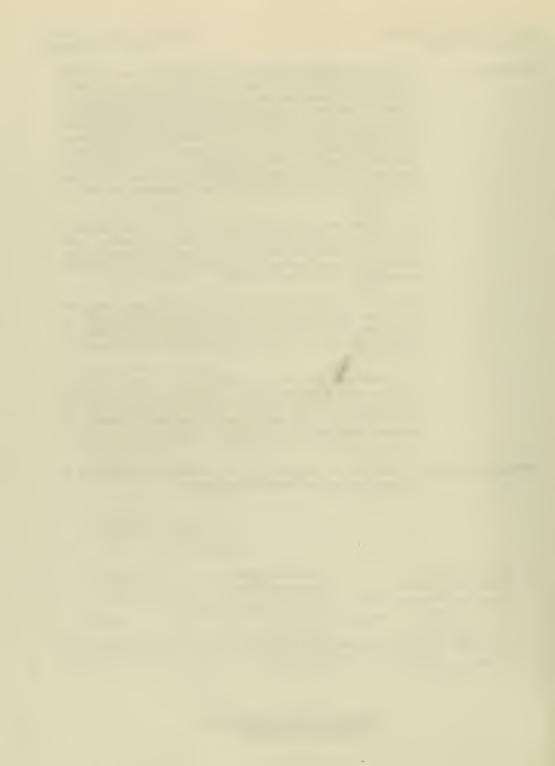
Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy

Supervisor Leal

Supervisor Migden Supervisor Teng Clerk of the Board

Chief Administrative Officer

Controller Teresa Serata Robert Oakes Ted Lakey



/// MINUTES

5000-

#### JOINT MEETING

BUDGET COMMITTEE
HOUSING AND LAND USE COMMITTEE

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DOCUMENTS DEPT.

// BOARD OF SUPERVISORS CITY AND COUNTY OF, SAN FRANCISCO

THURSDAY, NOVEMBER 16, 1995 - 9:00 A.M.

VETERANS BUILDING 401 VAN NESS AVENUE ROOM 410

MEMBERS: SUPERVISORS TOM HSIEH, CAROLE MIGDEN, BARBARA KAUFMAN,

SUE BIERMAN, MABEL TENG

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 9:06 A.M.

1. File 85-95-6. [Transbay Terminal] Resolution urging the Alternative One, Alternative Two, Alternative Three, Alternative Four, Alternative Five or Alternative Six be selected as the preferred alternatives for the City's Transbay Area Plan and be the Locally Preferred Alternatives for the purposes of the Joint Powers Board Caltrain Extension Environmental Impact Study. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Gail Goldman, Project Manager, Transby Survey Area, Redevelopment Agency; Larry Badiner, Project Manager, City Planning Department; Stuart Sunshine, Office of the Mayor; Lu Blazej, Director, City Planning Department. OTHER OFFICIAL: Andy Nash, Peninsula Corridor Joint Powers Board. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE BY SUPERVISOR HSIEH. ADOPTED. CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR. NEW TITLE: "Urging that alternative one, alternative two, alternative three, alternative four, alternative five or alternative six be selected as the preferred alternative for the City's Transbay Area Plan and be the Locally Perferred Alternative for the purposes of the Joint Powers Board CalTrain Extension Environmental Impact Study, and recommending that the Joint Powers Board pursue Townsend Street for the east—west alignment of CalTrains."

VOTE: 3-2. (Supervisors Migden, Kaufman absent.)

TIME MEETING ADJOURNED: 10:03 A.M.



Attn: Kate Wingerson

CITY AND COUNTY



#### OF SAN FRANCISCO

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#### BOARD OF SUPERVISORS

#### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

November 14, 1995

TO:

Joint Budget/Housing and Land Use Committee

FROM:

Budget Analyst Re

SUBJECT; November 16, 1995 Joint Budget/Housing and Land Use Committee Meeting

#### Item 1 - File 85-95-6

Department:

San Francisco Planning Department San Francisco Redevelopment Agency

Item:

Resolution urging that an alternative be selected for the City's Transbay Area Plan and that such alternative be considered as the locally preferred alternative for the purposes of the Joint Powers Board CalTrain Extension

Environmental Impact Study.

Description:

Project Objectives

The Planning Department and the San Francisco Redevelopment Agency (SFRA) are currently developing a Transbay Area Plan and implementation program with the following objectives:

1) Maintain and enhance transit activities in the area;

2) Support a transportation system to meet local and regional needs into the 21st Century;

3) Guide the development of land in conjunction with local and regional transportation needs as identified in objectives 1 and 2.

Memo to Joint Budget/Housing and Land Use Committee November 16, 1995 Joint Budget/Housing and Land Use Committee Meeting

From these objectives, the Transbay Area Plan will provide a basis for evaluating the following two sites for a Transbay Bus Terminal in downtown in San Francisco.

- 1) The site of the existing Transbay Terminal which is located between Fremont Street and First Street, at Mission Street; or
- 2) A new site in the vicinity of Main Street, Mission Street, Beale Street and Howard Street.

Project Background

The State Architect release a study in 1992 concluding that the Transbay Terminal building needed substantial upgrades to meet current seismic and other fire/life/safety codes. Ms. Gail Goldman of the San Francisco Redevelopment Agency (SFRA) and Mr. Larry Badiner of the Planning Department report that, in current dollars, the cost to retrofit the existing facility to meet current seismic and other fire/life/safety code requirements is estimated between \$75 million and \$109 million.

In December 1992, the Board of Supervisors approved a resolution, at the request of the Mayor, requesting that Caltrans work with the City to study alternatives for the rehabilitation of the Transbay Terminal and reconstruction of the nearby Terminal Separator Structure, which was the roadway which linked the Bay Bridge to the Embarcadero.

In 1994, responding to the requests of the Mayor and the Board of Supervisors, Caltrans and the City decided to fund the Transbay Area Plan and Implementation Program, which is a more detailed study of the Main/Mission/Beale/Howard site and a new and/or renovated terminal building on the existing site. The Transbay Area Plan is funded at an estimated cost of \$862,000, funded through the following funding sources: Caltrans (\$304,000), Redevelopment Agency (\$458,000), and the Planning Department (\$100,000) funded through the Department's General Fund budget.

In a separate but closely coordinated study with the Transbay Terminal Plan, the Peninsula Joint Powers Board (JPB) members from San Francisco, San Mateo and Santa Clara counties are also conducting a study to identify fundable alternatives specifically analyzing the extension of CalTrain from its current terminal at Fourth and Townsend Streets to either of the Transbay Sites. The JPB is currently seeking input from the City and the Board of Supervisors regarding: 1) the most preferred configuration of a terminal

Memo to Joint Budget/Housing and Land Use Committee November 16, 1995 Joint Budget/Housing and Land Use Committee Meeting

at both sites, 2) alignment of the tracks and method of construction, 3) a preferred location for a CalTrain terminal and 4) a determination of where CalTrain goes underground.

The JPB consists of nine members, three of which represent the City and County of San Francisco. One member is an appointment of the Mayor, one is an appointment of the Board of Supervisors and one is an appointment of the Public Transportation Commission (PTC).

Throughout the past year, the San Francisco Planning Department and the San Francisco Redevelopment Agency (SFRA) have worked closely with various local citizen groups including the Citizens Advisory Committee, Technical Advisory Committee and the Policy Advisory Committee to define a number of alternatives.

City Staff from the SFRA, the Planning Department and the Mayor's Office, along with the JPB, will be making joint presentations before the City Planning Commission, the Redevelopment Commission, the Public Transportation Commission, and the Board of Supervisors during November and December 1995. Further presentations will also be made to the various local and regional citizen groups. The purpose of these presentations will be to reach consensus on the location and general configuration of a Transbay Bus Terminal.

#### Project Alternatives and Costs

The alternatives identified by the Transbay Area Plan are summarized on the Attachment, and are briefly described below. The estimated total costs identified below include capital costs for demolishing ramps to and from the Transbay Terminal and CalTrain's capital costs. The estimated capital costs do not include the demolition of the existing Transbay Terminal which is estimated to cost \$10 million.

The following cost estimates are for capital costs only, and include neither operating costs nor the estimated \$10 million cost for the demolition of the existing facility.

#### Alternative 1 - Transbay Short Alternative

Bus Capital Costs \$145 million
CalTrain Capital Costs 524 million
Estimated Total Capital Costs \$669 million

Alternative 1 would use the existing Transbay Terminal site (for both the bus terminal and the CalTrain station), located between Fremont Street and First, at Mission Street, as the

2

location of a terminal, with CalTrain using one level underground, directly beneath the terminal building. This alternative would provide a total of 46 bus spaces in two levels into direct ramp access to the Bay Bridge, which meets the transit operator's requirements regarding the minimum number of spaces at the Transbay Terminal. MUNI buses would be accommodated at an on-street facility located at the terminal between Fremont and Beale Streets. As identified in the Transbay Area Plan, the benefits of this proposed alternative are the following: 1) convenient passenger connections to BART and MUNI, 2) fewer streets would be crossed than the existing terminal, thereby opening up views on Fremont and Beale Streets. This alternative would require a temporary terminal during construction.

# Alternative 2 - Transbay Medium Alternative Bus Capital Costs \$148 million CalTrain Capital Costs 524 million Estimated Total Capital Costs \$672 million

Alternative 2 would utilize the existing site (as does Alternative 1) of the Transbay Terminal, between both First and Fremont Streets at Mission Street. The bus terminal building would be approximately the same size as the existing Terminal, and would consist of two bus levels with direct ramp access to the Bay Bridge above ground floor passenger services and retail space. CalTrain would be underground in this alternative (similar to Alternative 1). A street level facility located between Fremont Street and Beale Street would accommodate MUNI buses. An underground concourse would connect the new terminal to BART and MUNI on Market Street. A total of 49 bus spaces on the two levels would meet the transit operators' minimum requirement of 46 spaces. The primary benefit of Alternative 2 is that the bus levels would have a central passenger waiting area. However, because of the Terminal's proposed length and the view blockage which it creates, this alternative would be an impediment to the development of Folsom Street. Alternative 2 would require a temporary terminal facility during the demolition of the existing terminal.

## Alternative 3 - Transbay Long Alternative Bus Capital Costs \$129 million

CalTrain Costs \$129 million
CalTrain Costs 460 million
Estimated Total Costs \$589 million

Alternative 3 would use the existing Transbay Terminal site (for both the bus terminal and the CalTrain station),

although the proposed structure would be significantly longer and higher than the existing terminal, spanning First. Fremont and Beale Streets. The proposed structure would consist of ground floor passenger services and retail space, a second floor CalTrain Station (routing trains through an aerial structure) and a single bus level above the CalTrain level. A mezzanine level between the CalTrain and bus levels of the terminal would be needed to facilitate passenger movement and provide easy transfer between rail and bus modes. An underground concourse would connect the new terminal with BART and MUNI lines under Market Street. 48 bus spaces would be provided, which exceeds the transit operators' requirements of 46 spaces. However, given the height and length of the proposed structure, extensive building design would be necessary and the length of the structure would be an impediment to the development of Folsom Street, noise from the trains would impact upon the surrounding area, and a temporary structure during construction would be needed.

Alternative 4 - Main Beale North Alternative
Bus Capital Costs \$138 million
CalTrain Costs 540-744 million
Estimated Total Costs \$678-882 million

Alternative 4 would relocate the existing Transbay Terminal to Howard Street between Main and Beale Streets, consisting of two bus levels over the ground floor retail and passenger services, with a pedestrian entry place extending to Mission Street. The CalTrain station would be located beneath Beale Street parallel to the bus station. This Alternative would provide a total of 52 spaces, in two bus levels with direct ramp access to the Bay Bridge, which exceeds transit operators' requirements. The benefits of this proposed alternative includes the following: 1) direct passenger connection from CalTrain to the bus terminal, 2) transit operator requirements of 46 spaces would be exceeded, 3) the existing terminal could be used during construction, and 4) land vacated by the existing terminal may be developed as commercial.

Alternative 5 - Split Bus/CalTrain terminals
Bus Capital Costs \$145 million
CalTrain Cost 535 million
Estimated Total Capital Costs \$680 million

Alternative 5 would provide for the same location as Alternative 4, relocating the existing bus terminal to Howard Street between Main and Beale Streets. However,

Memo to Joint Budget/Housing and Land Use Committee November 16, 1995 Joint Budget/Housing and Land Use Committee Meeting

Alternative 5 would provide for a different location and configuration of the CalTrain station. This Alternative would provide for the CalTrain station to be located underground the existing Transbay Terminal. The primary benefit would be separating the construction of the bus and train allowing this bus terminal to proceed independently from the train. The bus and train terminals will be connected at Beale Street.

Alternative 6 - Main/Beale Surface Alternative
Bus Capital Cost \$25 million
CalTrain Capital Cost 534-744 million
Estimated Total Capital Costs \$559-\$769 million

Alternative 6 would provide for the relocation of the terminal onto both sides of Howard Street between Main and Beale Streets. This Alternative would consolidate all bus operations and passenger services in a covered ground floor terminal that includes an entrance lobby. Pedestrian bridges would span Howard and Beale Streets connecting the entrance lobby and the various bus operators. The CalTrain station would be located beneath Beale Street, thereby allowing direct passenger connection to the bus terminal above. MUNI would be located north of Howard Street and across Beale Street, accessible to the terminal building by way of an elevated pedestrian bridge spanning Howard Street. This alternative would clearly impair pedestrian access to and from the terminal, and would result in increased traffic congestion, as buses would be required to flow constantly around the terminal. Alternative 6 would have increased operating costs for AC Transit by approximately \$1 million annually. In addition, this alternative would only provide 35 spaces, not meeting the transit operators' requirements of 46 spaces. The benefit of this alternative would be that the existing Transbay Terminal could be used as a temporary terminal until the new terminal is constructed. Also, this alternative has the least estimated capital costs associated with it.

Comments:

1. City staff from the Mayor's Office, the SFRA and the Planning Department are recommending Alternative #5 for the project, with capital costs estimated be \$145 million for Bus costs and \$535 for CalTrain costs or a total of \$680 million for both the bus terminal and the CalTrain Station. According to Ms. Goldman, Alternative 5 is being recommended by the City staff primarily because of the following reasons: 1) the proposed terminal would cross only Howard Street, 2) Alternative 5 would take advantage of paralleling the Fremont Street auto ramp, thereby reducing

Memo to Joint Budget/Housing and Land Use Committee November 16, 1995 Joint Budget/Housing and Land Use Committee Meeting

the impacts of ramps crossing streets, 3) no temporary bus terminal would be required during construction, 4) development to the area of the south would be encouraged, and 5) less construction coordination would be required with CalTrain.

- 2. Ms. Goldman and Mr. Larry Badiner of the Planning Department indicate that the capital financing plan for the proposed replacement of the Transbay Terminal has not yet been developed, including whether any local funding would be required, such as tax increment funds or General Fund monies. The potential costs that the City could incur are both operating and capital costs for the proposed CalTrain station (recommended to be located underground at the existing Transbay Terminal site), and for the proposed bus terminal (recommended to be located at Howard Street between Main and Beale Streets).
- 3. Approximately 40 percent of CalTrain's operating cost are recovered through fares resulting in a 60 percent annual operating deficit. The annual Federal subsidy is subtracted from the 60 percent deficit. The balance of the operating deficit, after subtracting the Federal subsidy is, under the current provisions of the JPA, borne by the Counties of San Francisco, San Mateo and Santa Clara based on their respective ridership. The current share of San Francisco is 11.8 percent for the operating deficit, for San Mateo County it is 50.7 percent and for Santa Clara County it is 37.5 percent. According to cost estimates provided by the Joint Powers Board (JPB), the current estimated operating deficit for CalTrain (less revenues and Federal subsidies) and the estimated increase in the operating deficit (less revenues and Federal subsidies) for Alternative #5 are as follows:

#### Estimated Cost to Counties for CalTrain's Annual Operating Deficit

	San Francisco	San Mateo	Santa Clara	/D-4-1
FY 95-96 Share of Operating	(11.8%)	(50.7%)	(37.5%)	Total
Deficit	\$3,004,516	\$12,909,234	\$9,548,250	\$25,462,000
Alternative #5 Share of Operating				
Deficit	3,520,819	15,127,587	11,189,043	29,837,449
Projected Increase				
over Existing Operating Deficit	\$516,303	\$2,218,353	\$1,640,793	\$4,375,449

The estimated increase in the operating deficit assumes the current level of service and riders. Therefore, potential additional revenues resulting from relocating the CalTrain station to a central downtown location may increase the number of riders, and somewhat offset the projected increase in the operating cost deficit.

4. According to operating cost estimates for the bus terminal. as provided by Mr. Badiner, the City's estimated increase in annual operating costs for Muni are projected to be \$160,500 for each of the six alternatives. According to Mr. Badiner, this increase in costs is primarily attributable to the net change in annual service hours, miles operated and equipment (assumes buses would no longer travel on 1st Street, but would travel on Fremont and Beale Streets). Mr. Badiner notes that Alternatives #4 and #5 could also provide for Muni and other transit operators to use a transit "mall" area, to be located adjacent to the proposed terminal. Mr. Badiner reports that utilizing a transit "mall" on Beale Street would reduce the traffic impact from vehicles traveling on 1st Street and Fremont Street which are accessing the Bay Bridge. However, Mr. Badiner estimates that the annual operating cost increase for Muni for a "transit mall" would be \$897,300, which is \$736,800 greater than the estimated \$160.500 in annual Muni operating cost increases (for each of the six alternatives) using surface streets. Mr. Badiner adds that there could be a reduction in overtime costs if Muni buses operate in a more timely manner than at the current terminal site.

- 5. Therefore, the estimated increase in total annual operating costs for San Francisco for the proposed Alternative #5 are \$676,303, consisting of \$516,303 for San Francisco's share of CalTrain and \$160,500 for Muni (assuming that Muni buses would use Fremont and Beale streets, rather than the "transit mall").
- 6. As noted, the capital financing sources estimated at \$680 million for Alternative 5 have not yet been specified. According to Mr. Michael Traflet of the JPB, a Capital Contingency Fund (CCF) which was established by the JPB. typically only pays for routine CalTrain capital expenditures. Mr. Traflet explains that routine CCF expenditures are shared equally (one-third) between the three member Counties. However, according to the existing provisions of the JPB, capital cost allocations for expansion projects, such as the CalTrain relocation project, would be determined on a case by case basis, and such capital costs would be shared based upon a formula agreed to by the JPB and its members. Mr. Badiner indicates that the Metropolitan Transportation Commission's 1994 Regional Transportation Plan, which sets forth funding for all regional transportation projects, divided capital costs among the three counties as follows: San Francisco (15 percent), San Mateo (50 percent) and Santa Clara (35 percent). Both the CalTrain terminal and the bus terminal projects will utilize a variety of funding sources, including Federal, State and local (e.g. bridge tolls).
- 7. The proposed resolution would urge that one of these six alternatives be the City's locally preferred alternative for purposes of the Joint Powers Board CalTrain Extension Environmental Impact Study. After consensus is reached on the locally preferred alternative, the proposed resolution would include a specification of the preferred alternative.
- 8. Ms. Goldman reports, however, that the Citizens Advisory Committee (CAC) is currently deadlocked over which alternative should be the locally preferred alternative, except that the citizen groups of the CAC and the Technical Advisory Committee have agreed not to select Alternative 6 which would cost a total of between \$559 and \$769 million.
- 9. The locally preferred alternative would be decided by the Transbay Policy Advisory Committee (consisting of representatives from the Metropolitan Transportation Commission and other regional transit operators) for the Bus terminal and the locally preferred alternative would be decided by the Joint Powers Board for CalTrain. However,

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according to Ms. Goldman, both bodies are looking to the Board of Supervisors to state the City's position of the preferred alternative for the Bus Terminal and the Train Terminal.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Migden Supervisor Kaufman Supervisor Bierman Supervisor Teng President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakev

(6) Circular provides more room for public gathering.

(7) Full vertical Indicates that bus terminal be located directly above Califrain Terminal.

(9) Partial vertical Indicates that bus terminal and Carlinal Terminal would intersect.

(9) Ramps used for both sutomobile and bus traffic are not Included.

(10) Adjustments would be needed to Transbay Terminat. (11) Ramp costs estimated by Persons Brinkerhoff.

(4) Does not include the cost of demolishing existing Trensbay Terminal, about \$10 million. (5) Option 1 = \$540; Option 2 = \$594; Option 3 (All four tracks to Market Street) = \$744.

(2) Does not include foundations since CeiTrain under Bus terminsi would construct foundations.

(1) Includes demolition of ramps.

(3) CalTrain cost assumes clean diesel with portel at Fifth/Townsend.

SFRA/DCP: 11-2-95



**BOARD of SUPERVISORS** 



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NOVEMBER 14, 1995

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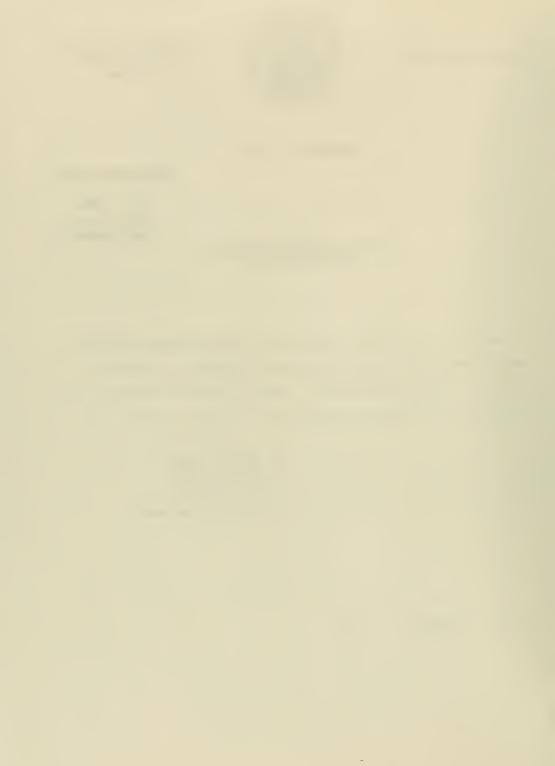
NOTICE OF CANCELLED MEETING BUDGET COMMITTEE

NOTICE IS HEREBY given that the regularly scheduled meeting of the Budget Committee for Wednesday, November 22, 1995, at 1:00 p.m., has been cancelled. The next regular meeting is scheduled for Wednesday, November 29, 1995, at 1:00 p.m.

John L. Taylor

Clerk of the Board

POSTED: NOVEMBER 14, 1995



SF S90-07 #2 1/29/95

# MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF/SAN FRANCISCO

WEDNESDAY, NOVEMBER 29, 1995 - 1:00 P.M.

ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 1:05 P.M.

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#### PUBLIC HEARING

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 11/15/95)

SPEAKERS: None.

ACTION: HEARING HELD, CONSIDERATION CONTINUED TO DECEMBER

6, 1995, MEETING.

VOTE: 3-0.

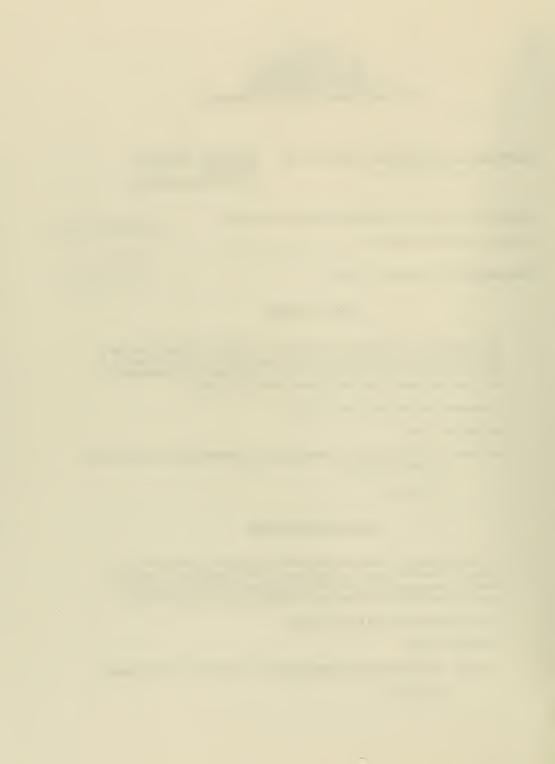
#### RELEASE OF RESERVES

 File 101-92-60.10. [Reserved Funds, Fire Department] Consideration of release of reserved funds, Fire Department (1992 Proposition C Bond Issue Fund), in the amount of \$1,279,500 for the purpose of funding construction contract for SFFD Fire Station No. 39. (Department of Public Works)

(Consideration Continued from 11/15/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.



3. File 101-92-33.6. [Reserved Funds, Fire Department] Consideration of release of reserved funds, Fire Department (1986 Fire Protection Bond Fund) in the amount of \$34,424, for the purpose of installing an emergency generator at Fire Station No. 39 located at 1091 Portola Drive. (Fire Department)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 3-0.

File 101-90-121.6. [Reserved Funds, Water Department] Consideration of release of reserved funds, Water Department (1991 Water Revenue Bond Fund), in the amount of \$18,070 to fund Water Main Replacement Contract 2182 - McCoppin Street. (Public Utilities Commission)

SPEAKERS: None.

ACTION: HEARING HELD. RELEASE OF \$18,070 APPROVED. FILED.

VOTE: 3-0.

 File 101-92-43.4. [Reserved Funds, Water Department] Consideration of release of reserved funds, Water Department (1991 Water Revenue Bond Fund), in the amount \$599,098 to fund Water Main Replacement Contract 2172 -McCoppin Street. (Public Utilities Commission)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$599,098 APPROVED. FILED.

VOTE: 3-0.

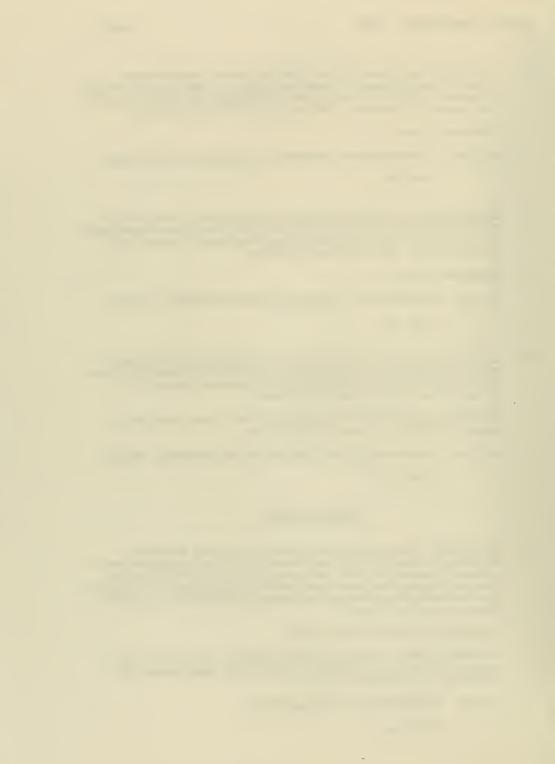
#### **GENERAL ITEMS**

6. File 28-95-21. [Emergency Repair, Franklin Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Franklin Street between Green Street and Vallejo Street - \$274,000. (Department of Public Works)

(Consideration Continued from 11/1/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Todd Colburn, City Engineer, Department of Public Works; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.



7. File 28-95-22. [Emergency Repair, McAllister Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in McAllister Street between Hyde Street and Larkin Street - \$184,850. (Department of Public Works) Referred to Budget Committee.

(Consideration Continued from 11/1/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Todd Colburn, City Engineer, Department of Public Works; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

8. File 28-95-24. [Emergency Repair Work, Clipper Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Clipper Street between Douglass Street and Grand View Avenue - \$189,850. (Department of Public Works)

(Consideration Continued from 11/1/95)

SPEAKERS: None.

ACTION: HEARING HELD. RECOMMENDED.

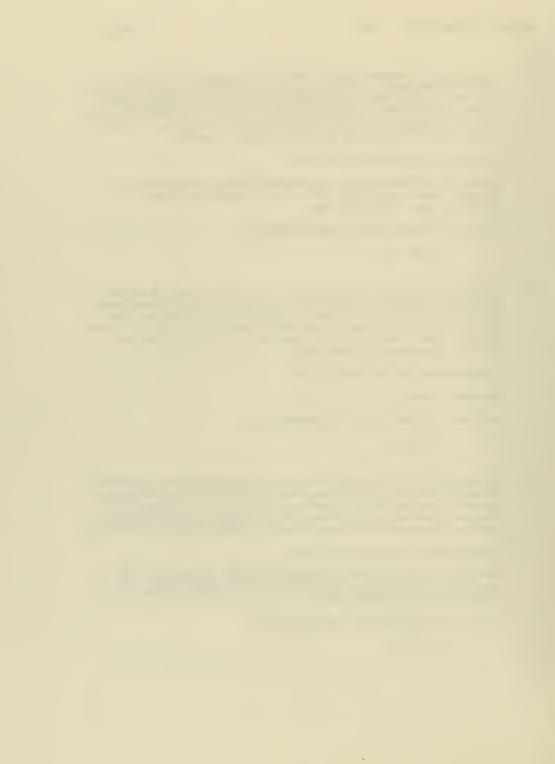
VOTE: 3-0.

9. <u>File 28-95-25</u>. [Emergency Repair, Folsom/Fourth Streets Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Folsom and Fourth Streets - \$444,000. (Department of Public Works)

(Consideration Continued from 11/1/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Todd Colburn, City Engineer, Department of Public Works; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.



10. File 30-95-21. [CHIP Program Funds for Fiscal Year 1995-96] Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) funds for fiscal year 1995-96 and that the Chairperson or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify that the County Description of Proposed Expenditures of CHIP funds for fiscal year 1995-96. (Department of Public Health)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

11. File 97-95-64. [Savings Incentive Fund] Ordinance amending the Administrative Code by adding Section 3.19 to establish City and County policy that a Savings Incentive Fund be annually established and appropriations from the fund may be made to departments that demonstrate a savings achieved during the immediately preceding fiscal year. (Supervisors Hsieh, Kaufman)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Ed Harrington, Controller; Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE BY ED HARRINGTON, CONTROLLER. ADOPTED. AMENDMENT OF THE WHOLE RECOMMENDED. Changing Section 3.19 to Section 3.20 and the word "fund" to "account". NEW TITLE: "Amending Chapter 3 of the San Francisco Administrative Code by adding Section 3.20 to establish City and County policy that a Savings Incentive Account be annually established and appropriations from the account may be made to departments that demonstrate a savings achieved during the immediately preceding fiscal year." (Supervisor Kaufman requested to be added as co-sponsor.)

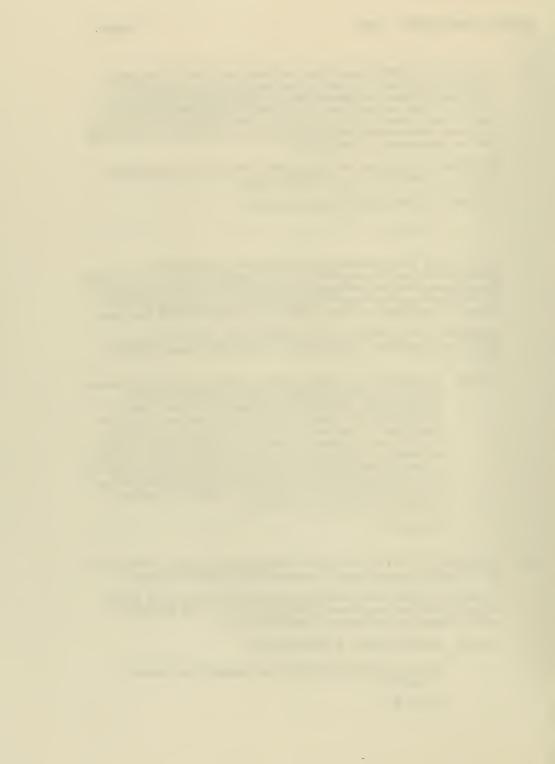
VOTE: 3-0.

12. <u>File 47-95-12</u>. [Valet Parking Rates] Resolution approving valet parking rates for the Lombard Street Garage. (Supervisors Hsieh, Kaufman, Bierman)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ronald Seal, Department of Parking and Traffic. IN SUPPORT: Jeffifer Finney, Baja Restaurant. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

(Supervisors Kaufman and Bierman requested to be added as co-sponsors.)



#### **FISCAL**

13. File 101-95-28. [Appropriation, City Hall Improvements] Ordinance appropriating \$1,742,790, Department of Public Works, from general fund reserve for City Hall non-seismic improvement project for fiscal year 1995-96 (provides general fund support pending bond sale). (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Tony Irons, Department of Public Works. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to \$1,528,855. AMENDED TITLE:
"Ordinance appropriating \$1,528,855, Department of Public Works, from general fund reserve for City Hall non-seismic improvement project for fiscal year 1995-96 (provides general fund support pending bond sale)."

VOTE: 3-0.

14. File 101-95-24. [Appropriation, Department of Public Health-Community Health Services] Ordinance appropriating and rescinding \$143,379, Department of Public Health-Community Health Services, for salaries and fringe benefits for the creation of one (1) position and deletion of (1) position for fiscal year 1995-96. (Controller) RO #95059 (COMPANION TO THE FOLLOWING FILE)

(Consideration Continued from 11/15/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO DECEMBER 6, 1995, MEETING.

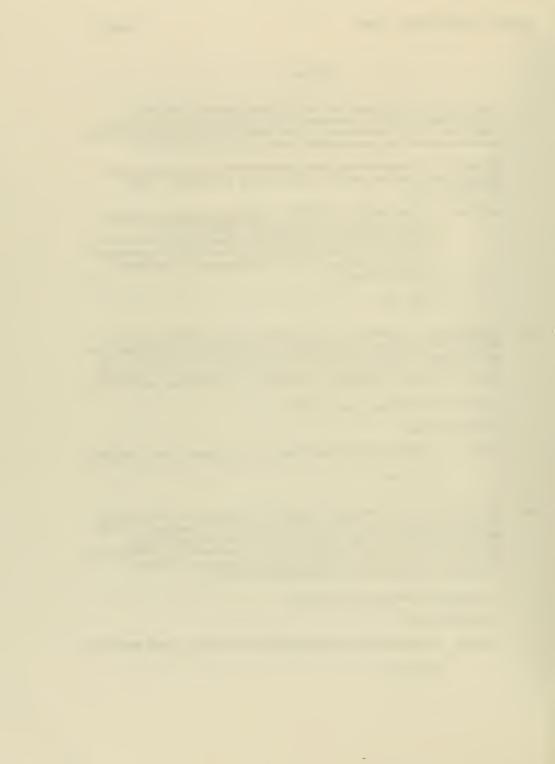
VOTE: 3-0.

15. File 102-95-6. [Salary Ordinance Amendment, Department of Public Health]
 Ordinance amending Annual Salary Ordinance 1995-96, Ordinance No. 256-96,
 reflecting the deletion of one (1) position (Class 2235 Medical Director,
 Department of Health) and the addition of one (1) position (Class AB04 Medical Director, Emergency Medical Service Agency). (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

(Consideration Continued from 11/15/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO DECEMBER 6, 1995, MEETING.



#### **BONDS**

16. File 170-95-12. [City Hall Improvement Bond] Resolution declaring the intent of the City and County to reimburse certain expenditures from proceeds of future indebtedness and authorizing the Chief Administrative Officer to develop a plan of finance. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

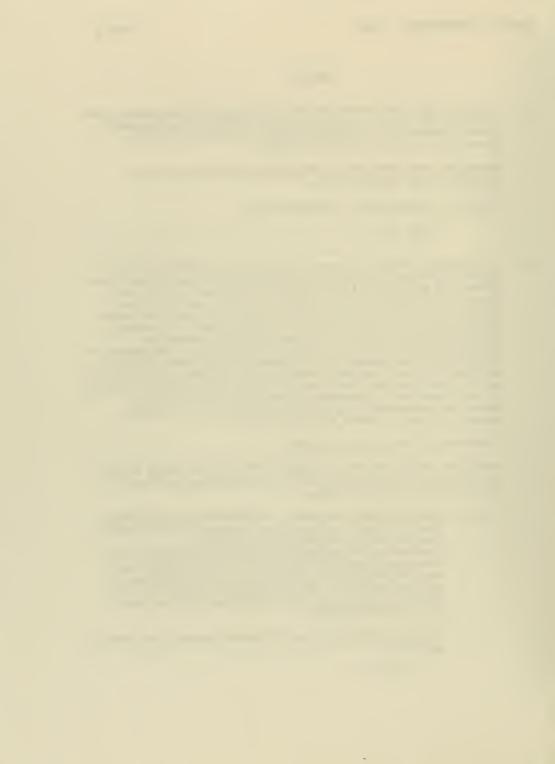
17. File 170-95-10. [Equipment Lease - Bonds] Ordinance providing for the approval and execution and delivery by officers of the City and County of San Francisco of an Equipment Lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said Lessor and Lessee; providing for reimbursment to the City of certain City expenditures prior to the issuance of Lease Revenue Bonds and approving the issuance of Lease Revenue Bonds by said nonprofit corporation; and providing that said bonds shall be subject to the certification of the Controller of the City and County of San Francisco prior to the sale of said bonds; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Supervisors Hsieh, Kaufman, Bierman)

(Consideration Continued from 11/15/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Stephanie Carlisle, Office of the Chief Administrative Officer. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Amend Schedule A - Library, Data Telecommunications Network from \$878,790 to \$716,590; Library, Multimedia Workstation/Network from \$633,590 to \$348,090; Library, ADA Workstations from \$130,620 to \$85,851; Library, Training Center from \$66,550 to \$59,013, Add Police Dept, Portable Radios, 50 units for total of \$124,400; Reproduction/Mailroom Dept., Mail Inserter, 1 units for total of \$244,200; Water Pollution Control, 1 unit for total of \$103,000.

(Supervisors Hsieh, Kaufman and Bierman requested to be listed as sponsors.)



18. File 170-95-11. [Equipment Lease-Moscone Expansion Bonds] Resolution submitting to the qualified electors of the City and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements for the acquisition and construction of additional convention center facilities and related equipment, fixtures and furnishings. (Chief Administrative Officer)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Bill Lee, Chief Administrative Officer; Laura Wagner-Lockwood, Office of the Chief Administrative Officer; Jack Moerschbaecher, Director, Convention Facilities Department, Office of the Chief Administrative Officer; Ed Harrington, Controller; Ted Lakey, Deputy City Attorney. IN SUPPORT: Mike Hardeman, Local 510; Bob Bagley, Executive Director, Hotel Council; Walter Johnson, SF Labor Council; Henry Carter; Justine Waller. OPPOSED: Edward Evans; Calvin Welsh; Mark Norton.

ACTION: HEARING HELD. AMENDED. CONSIDERATION CONTINUED TO DECEMBER 6, 1995, MEETING AS AMENDED. Add the location of "South of Market Area" and increase the amount from \$150,000,000 to \$157,500,000. AMENDED TITLE: "Submitting to the qualified electors of the City and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements obligations not to exceed \$157,500,000 for the acquisition and construction of additional convention center facilities and related equipment, fixtures and furnishings in the South of Market area."

VOTE: 3-0.

19. <u>File 291-95-2</u>. [Redevelopment Agency Budget and Bonds] Resolution approving an amendment to the budget of the San Francisco Redevelopment Agency for fiscal year 1995-96, to increase expenditures in the Mid-Market Survey Area for survey activities by \$225,000; the issuance of Tax Allocation Bonds in an amount not to exceed \$265,000; and an appropriation of \$17,225 for fiscal year 1995-96 to support the Tax Allocation Bonds. (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Clifford Graves, Executive Director, Redevelopment Agency. IN SUPPORT: None. OPPOSED: Edward Evans, North of Market Planning Coalition.

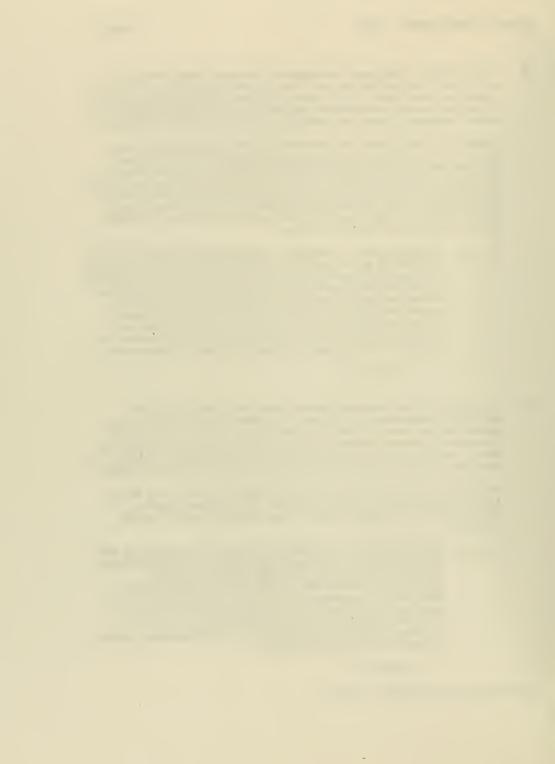
ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE BY MR. CLIFFORD GRAVES, EXECUTIVE DIRECTOR, REDEVELOPMENT AGENCY.

ADOPTED. AMENDMENT OF THE WHOLE RECOMMENDED.

NEW TITLE: "Approving an amendment to the budget of the San Francisco Redevelopment Agency for fiscal year 1995-96, to increase expenditures in the Mid-Market Survey Area for survey activities by \$225,000; and the issuance of Tax Allocation Bonds in an amount not to exceed \$257,200."

VOTE: 3-0.

TIME MEETING ADJOURNED: 4:18 P.M.



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### BOARD OF SUPERVISORS

#### **BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

November 22, 1995

TO:

**Budget Committee** 

FROM:

Budget Analyst Recent to Lor of

SUBJECT: November 29, 1995 Budget Committee Meeting

Item 1 - File 100-95-12

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Note: This item was continued by the Budget Committee at its meeting of November 15, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.



Item 2 - File 101-92-60.10

Note: This item was continued by the Budget Committee at its meeting of

November 15, 1995.

Departments: Department of Public Works (DPW)

Fire Department

Item: Release of reserved funds in the amount of \$1,279,500 for

the purpose of funding a construction contract for Fire

Station No. 39.

Amount: \$1,279,500

Source of Funds: 1992 Proposition C Fire Protection Bond Issue Fund

(Series 1993D)

Description: In November of 1992, the voters approved Proposition C, authorizing the issuance of Fire Protection Bonds Series

> 1993D. A total of \$40.8 million in these General Obligation bonds were approved to finance improvement costs related

to various Fire Department facilities.

In May of 1993, the Board of Supervisors approved an appropriation request of \$15,204,533, from the Series 1993D Fire Protection Bond funds, for various projects at Fire Stations throughout the City including seismic strengthening, disabled access improvements, and the construction of separate restroom facilities for male and female Firefighters. At the same time, the Board placed \$10,788,125 on reserve for Fire Station improvements, pending the selection of contractors, the MBE/WBE status of the contractors and contract cost details.

The proposed release of reserved funds, in the amount of \$1,279,500, would be used to pay for a portion of the construction contract and related costs for renovation of Fire Station No. 39, located at 1091 Portola Drive. The scope of work for this project includes seismic upgrading, a dormitory addition, mechanical and electrical systems improvements, disabled access, new toilet/shower facilities, asbestos abatement, installation of an emergency generator and miscellaneous exterior and

interior improvements.

As previously noted, the requested \$1,279,500 would pay Comment: for a portion of the construction contract and related cost

for renovation of Fire Station No. 39. Mr. Peter Wong of the DPW has requested that this item be continued to the Call

> of the Chair in order to allow the DPW additional time to provide information on the total source of funds for this project.

Recommendation:

Continue this item to the Call of the Chair as requested by the DPW.

BOARD OF SUPERVISORS BUDGET ANALYST

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Item 3 - File 101-92-33.6

**Departments:** Fire Department

Department of Public Works (DPW)

Item: Release of reserved funds for the Fire Department in the

amount of \$34,424, for the purpose of installing an

emergency generator at Fire Station No. 39.

**Amount:** \$34,424

Source of Funds: 1986 Fire Protection System Improvement Bond funds

**Description:** In November of 1986, San Francisco voters approved the

issuance of \$46.2 million in 1986 Fire Protection System Improvement Bonds to finance improvements to the City's Fire Protection System. In February of 1993, the Board of Supervisors approved legislation appropriating \$1,191,769 in accrued interest from the 1986 Fire Protection System Improvement Bonds, placing a total of \$623,350 on reserve for emergency generators (\$573,750) and a geotechnical study contract (\$49,600) pending the selection of contractors, the MBE/WBE status of the contractors and the contract cost

details.

The Fire Department is now requesting that \$34,424 of the \$573,750 earmarked for the installation of emergency generators, be released from reserve to partially pay for the installation of an emergency generator at Fire Station No. 39, located at 1091 Portola Drive. The Fire Department advises that the total estimated cost of the installation of the

emergency generator is \$68,848.

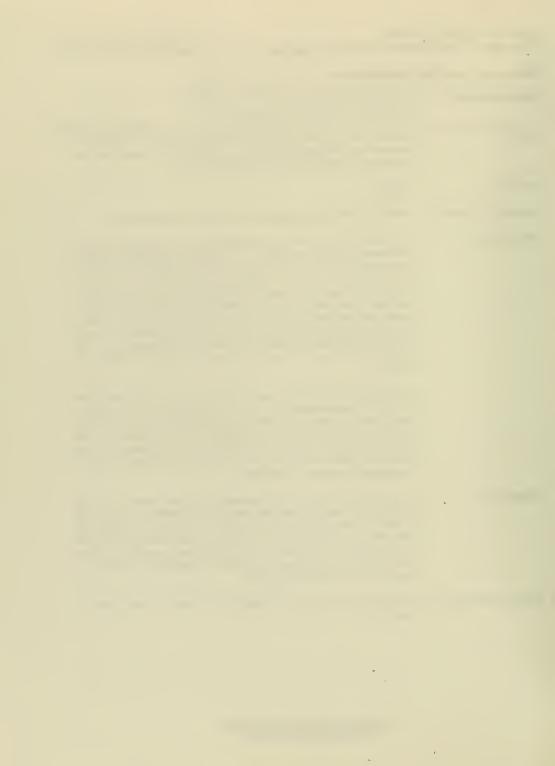
**Comment:** As previously noted, the requested \$34,424 would partially

pay for the installation of the emergency generator. Mr. Peter Wong of the DPW advises that the DPW, with the concurrence of the Fire Department, is requesting that this item be continued to the Call of the Chair in order to allow the DPW additional time to provide information on the total

source of funds for this project.

Recommendation: Continue this item to the Call of the Chair as requested by

the DPW.



Items 4 and 5 - Files 101-90-121.6 and 101-92-43.4

**Department:** San Francisco Water Department

Item: Item 4, File 101-90-121.6. Hearing to consider release of reserved funds, from 1991 Water Revenue Bond Fund, in the amount of \$18,070 to fund Water Main Replacement Contract

2172, McCoppin Street.

Item 5, File 101-92-43.4. Hearing to consider release of reserved funds, from 1991 Water Revenue Bond Fund, in the amount of \$599,098 to fund Water Main Replacement Contract

2172, McCoppin Street.

Amount: \$617,168

Description:

Source of Funds: 1991 Water Revenue Bond funds

Source of Lands. 1991 water nevenue Bond rand.

In June of 1991, the Board of Supervisors approved an appropriation of \$47,925,000 in 1991 Water Revenue Bond Funds for various capital improvement projects, and placed \$14,000,000 of these funds on reserve (File 101-90-21), and in March of 1993, the Board of Supervisors appropriated an additional \$19,565,390 in Water Revenue Bond funds, and placed an amount of \$8,240,000 on reserve (File 101-93-43). In both the 1991 and 1993 appropriations, these funds were reserved pending the submission of budget details and the MBE/WBE status of contractors for various sewer and water projects to the Board of Supervisors.

The Water Department is now requesting release of \$599,098 of the funds reserved in 1991, and \$18,070 of the funds reserved in 1993, for a total of \$617,168, to fund the replacement of approximately 5,200 feet of water mains along McCoppin Street between Market and Otis.

The Water Department advises that preparation of drawings and specifications, material purchasing, construction management, inspection, and service connections for the McCoppin Street Water Main Replacement will be done inhouse by Water Department staff. Construction and installation of the water main itself will be done by an outside contractor, E. Mitchell.

The Water Department conducted a competitive bidding process for this contract, receiving five qualified bids. The contract was awarded to E. Mitchell, which is a City-certified WBE, and, with the application of a 10 percent bid preference, E Mitchell was the low bidder with a bid amount of \$437,700.

**Budget:** 

The reserved funds would be expended as follows:

CityPersonnel(for in-house work including construction management, inspection, purchasing, etc.)5210 Sr. Civil Engineer.01 FTE\$7005206 Assoc. Civil Engineer.14 FTE9,8005346 Civil Eng. Associate I.29 FTE15,4006318 Construction Inspector.01 FTE700

 6318 Construction Inspector
 .01 FTE
 700

 7250 Util. Plumber Supervisor
 .07 FTE
 5,647

 7388 Util. Plumber
 .45 FTE
 31,757

 7463 Util. Plumber Apprentice
 .19 FTE
 11,994

 7514 Laborer
 .19 FTE
 8,470

Sub-total 1.35 FTE \$84,468

Materials and Supplies

Materials include ductile iron pipe, gate valves,

fittings, gaskets, and service pipes 95,000

**Construction Contract** 

E. Mitchell (5,190 feet of water main @ \$84.34/ft) 437,700

Total requested for release from reserve \$617,168

Comment:

The other bidders for this contract, and the bid amounts, were as follows:

P&J Utility Company \$416,480 Shaw Pipeline, Inc. \$453,180 Miller/Thompson Constructors, Inc. \$498,500 Marinship Construction Services \$499,330

**Recommendation:** Item 4, File 101-90-121.6 Approve the proposed release of reserved funds in the amount of \$18,070 as requested.

Item 5, File 101-92-43.4 Approve the proposed release of reserved funds in the amount of \$599,098 as requested.

Items 6, 7, 8 and 9 - Files 28-95-21, 28-95-22, 28-95-24, and 28-95-25

Note: These items were continued by the Budget Committee at its meeting of November 1, 1995.

Department:

Department of Public Works (DPW)

Items:

Item 6, File 28-95-21 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Franklin Street between Green Street and Vallejo Street.

Item 7, File 28-95-22 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on McAllister Street between Hyde Street and Larkin Street.

Item 8, File 28-95-24 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Clipper Street between Douglass Street and Grand View Avenue.

Item 9, File 28-95-25 - Resolution authorizing the Director of the Department of Public Works to take the necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Folsom and Fourth Streets.

Amounts:

\$274,000 File 28-95-21 184,850 File 28-95-22 189,850 File 28-95-24 444,000 File 28-95-25 \$1,092,700

Source of Funds:

Repair and Replacement Fund - financed by Sewer Service Charges

Description:

This request would authorize the DPW to take the necessary steps to award contracts for emergency sewer repair work at four sites, using expedited contract procedures, pursuant to Section 6.30 of the Administrative Code. Such contracts have a total estimated cost of \$1,092,700.

Item 6, File 28-95-21 - The DPW advises that, on March 16, 1995, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that an existing 3' x 5' brick sewer on Franklin Street had cracks and was bulging and missing bricks on the side walls in one location and had side walls that had totally collapsed in two other locations. The DPW advises that on March 16, 1995, the BSSR requested an emergency contract to repair the damaged sewer. The repair work will consist of replacing the existing 344 feet of brick sewers with 66" sewer pipe.

Mr. P. T. Law of the DPW reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Woods Construction Co., as the lowest responsible bidder of five bidders, to perform the necessary repair work, at an estimated cost of \$274,000. Woods Construction is an LBE firm and is not an MBE or a WBE firm. Mr. Law advises that the repair work is scheduled to commence December 4, 1995, and is expected to take approximately 42 calendar days for completion.

Item 7, File 28-95-22 - The DPW reports that, on June 5, 1995, the BSSR notified the City Engineer that an existing 3' x 5' brick sewer on McAllister Street between Larkin and Hyde Streets was cracked and deformed in some locations and had partially collapsed in one location. The DPW advises that on June 5, 1995, the BSSR requested an emergency contract to repair the damaged sewer. The repair work will consist of replacing 490 feet of existing brick sewers with 42" sewer pipe.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Harty Pipelines, Inc., as the lowest responsible bidder of six bidders, to perform the necessary repair work, at an estimated cost of \$184,450. Harty Pipelines is an LBE firm and is not an MBE or a WBE firm. Mr. Law reports that the repair work is scheduled to start on December 4, 1995. According to Mr. Law, once this repair work commences, it is expected to take 30 calendar days for completion.

Item 8, File 28-95-24 - The DPW reports that on February 24, 1995, the BSSR notified the City Engineer that the existing sewer on Clipper Street between Douglass Street and Grand View Avenue had multiple cracks and crushed sections. The DPW advises that on August 18, 1995 the BSSR

requested an emergency contract to repair the sewer. The repair work consists of replacing approximately 1,066 feet of existing sewer with 15", 18" and 21" sewer pipe.

Mr. Law advises that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Esquivel Grading and Paving, as the lowest responsible bidder of four bidders, to perform the necessary repair work, at an estimated cost of \$189,850. Esquivel Grading and Paving is an MBE firm. Mr. Law advises that the sewer repair work is currently underway, and is expected to be completed by December 3, 1995.

Item 9, File 28-95-25 - The DPW reports that on March 1, 1995, the BSSR notified the City Engineer that the existing 3' x 5' brick sewer on Folsom Street between Mabini and 4th Streets had (1) numerous joints that required mortaring, (2) missing bricks and (3) sections which had lost structural integrity. The DPW also reports that on March 28, 1995, the BSSR notified the City Engineer that the existing 3' x 5' brick sewer on 4th Street between Clara and Perry Streets was in danger of collapse due to (1) sections which were sagging, (2) missing bricks and (3) bulging side walls. The BSSR declared an emergency in connection with these two sewers on August 30, 1995. The repair work will consist of replacing the existing brick sewers with 300 feet of 12", 15" and 21" of clay pipe and 852 feet of 42" and 48" concrete pipe.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure and selected Woods Construction, as the lowest responsible bidder of six bidders, to perform the sewer repair work, at an estimated cost of \$444,000. Woods Construction is not an MBE firm or WBE firm. Mr. Law advises that the repair work is scheduled to start January 2, 1996 and is estimated to take 70 calendar days from start-up to completion.

Comments:

1. As noted above, although DPW identified sewer repair work of an emergency nature pertaining to Items 6,7, 8, and 9, such emergencies were identified in March, June, February and March of 1995, respectively. Yet, as of the writing of this report, no work has begun on three (Items 6, 7 and 9) of these four emergency projects. The emergency sewer repair work pertaining to Item 8, was identified in February of 1995, but the BSSR did not request an emergency contract until of August of 1995. In accordance with Section 6.30 of the City's Administrative Code, when

identifying such emergency contract work, DPW is not required to utilize formal competitive bidding procedures to award such contracts.

- 2. The attached memo from Mr. R. T. Cockburn, Deputy Director for Engineering & City Engineer of the DPW, provides further information on the DPW emergency sewer contracts and the Department's related procedures. It should also be noted that DPW's submitted procedures are labeled "DRAFT".
- 3. The four emergency sewer repair work projects, which are the subject of this report, are categorized as Class "B" emergencies by the DPW. According to Mr. Cockburn, Class "B" emergencies include emergencies wherein the damage is such that, if the DPW follows the Department's routine procedures for awarding a contract, a sewer along with the street above may collapse before the repair work can commence. Mr. Cockburn notes that the Department's procedures for processing Class "B" emergencies permits the normal bid processing time to be reduced by as much as five months. Mr. Cockburn states that with respect to Class "B" emergencies DPW's "standard procedure is to call for competitive bids and HRC forms on all Class "B" emergencies".

However, the Budget Analyst notes that under the DPW's current procedures for obtaining bids for Class "B" emergencies, contractors are contacted by telephone and FAX and such contact is limited to contractors who have successfully completed recent, similar City contracts.

4. Although, Mr. Cockburn advises that the DPW's procedures for processing Class "B" emergencies permits the Department to reduce its bid processing time by as much as five months, the Budget Analyst notes that the four subject emergency sewer repair work projects, two of which (Files 28-95-21 and 28-95-25) were first identified in March of 1995 (eight months ago) and the remaining two (Files 28-95-24 and 28-95-22) which were identified in February of 1995 (nine months ago) and June of 1995 (five months ago) respectively, are still not completed. As such, while Mr. Cockburn advises that there were specific factors outside of the bid process that caused additional delays with regard to these four projects, the Budget Analyst believes that the DPW has not provided sufficient justification as to why it was necessary to use expedited bid procedures under Section 6.30 of the Administrative Code in connection with these projects.

Memo to Budget Committee November 29, 1995 Budget Committee Meeting

**Recommendation:** Approval of the proposed resolutions is a policy matter for the Board of Supervisors.

# City and County of San Francisco

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# **Department of Public Work**

Office of the Deputy Direct of Engineering & City Engine



November 17, 1995

RE: Class "B" Emergencies

Ms. Sandy Brown - Richardson Board of Supervisors Budget Analyst Office 1390 Market Street, Room 1025 San Francisco, CA 94102

Dear Ms. Brown - Richardson:

This letter responds to your request for further information on this Department's emergency sewer contract.

The Department of Public Works identifies three levels of contracting activity listed in order of ascending urgency as: Routine, Class "B" emergency and Class "A" emergencies. During the last 12 month period, the Department has let 44 emergency sewer contracts. Ten were Class "A" emergencies; 34 were Class "B" emergencies.

In the case of <u>sewer</u> replacement contracts the description of the categories would be as follows:

Routine = this sewer has reached the end of its useful life and it should be replaced.

Class "A" = this sewer has collapsed and the street is falling in.

Class "B" = this sewer is so bad it will be a Class "A" if you follow the time required to do a routine.

The attached list shows the emergencies between November 1994 and present.

Routine contracts are executed in accordance with all the procedures which assure optimum coordination with the community and conformance with requirements such as HRC bid preference, form of contract, certification of funds, utility coordination, etc. Class "A" emergencies are emergencies where a clear danger to safety of person or property exists and contracts are handled as quickly as the Charter allows. In between fall the Class "B" emergencies. These are contracts which prudence dictates must be accomplished more quickly than routine ones but which allow us to preserve as many of the forms and procedures of routine contracts as possible.

Our standard procedure is to call for <u>competitive bids</u> and HRC forms on all Class "B" emergencies." A copy of the latest draft Procedure 5.9 on Emergency Projects is attached.

Specifically, the engineer for a Class "B" emergency can compress the normal 120 day time between Notice-Of-Intention to the advertising date which is required in Bureau Procedure 5.2 <u>Utility Liaison</u>, and also reduce the advertising period from usual 30 days to 5 working days. This is a total of 150 calendar days, or 5 months, that can be compressed to a shorter design period. We have looked at 10 consecutive Class "B" emergencies that were done early in this year and are now completed construction. The period from request of Class "B" emergency to award of contract ranged from 64 to 145 days with an average of 97 days. This is a savings of at least 2 months time and got these projects in ahead of the rainy season. At the same time we were still able to proceed with soliciting the competitive bids, comply with HRC and DPW contracting requirements and obtaining Controller's certification of availability of funds. Additional time can be saved by moving ahead with Notice-To-Proceed to the contractor after the Director of Public Works has signed the contract without waiting for Contract Certification by the Controller. This is reflected in the new draft Procedure 5.9 being reviewed at the present time.

There is no question that the four "B" contracts have taken longer than usual to complete. Part of the reasons was the cumbersome contractual procedures that the Department intends to change. The other reasons why the four projects were delayed are listed as follows:

## 1. Clipper: Douglas - Grandview:

Bureau of Street Sewer Repair (BSSR) requested replacement	2/24/95
Advertised	7/18/95
Requested award	8/18/95
Notice To Proceed	10/16/95

Requests for two Class "A" emergencies: Grant, Pacific-Broadway and the Taraval/Dewey Traffic Circle were received at the same time as the request for this Class "B" Emergency and took precedence in terms of our prioritization of the work. Excavation began on 11/8/95.

#### Folsom Street/4th Street:

BSSR requested replacement of Folsom at 4th Street	3/01/95
BSSR requested replacement of 4th Street from Folsom south	
after further inspection	3/29/95
Advertised	8/10/95
Requested award	8/30/95
Notice To Proceed	*1/02/96
Completion of Construction	*3/13/96

\*Awaiting Contractor traffic routing and shoring submittals, ordering large diameter concrete pipe, and holiday moratorium on construction.

This project is in an area affected by flat grades and subsidence. The project required extensive field investigation to determine how much subsided sewer must be removed to get a complete and satisfactory replacement. There were subsidence areas that had to be added to this work.

#### 3. Franklin Street: Green to Vallejo:

BSSR requested replacement	3/16/95	
Advertised		8/08/95
Requested award		8/23/95
Notice To Proceed		12/04/95
Completion of Construction		1/14/96

This project replaced an existing 3'x5' brick sewer with a 66" diameter reinforced concrete pipe. Enlarging the sewer created conflicts to the existing San Francisco Water Department and Auxiliary Water Supply System (AWSS) lines. SFWD has to relocate ahead of us and special coordination is required to include AWSS relocation work in our contract. Contractor has placed for the large diameter concrete pipe.

# 4. McAllister: Larkin-Hyde

Bureau of Street Sewer Repair requested replacement	6/05/95
Advertised	8/28/95
Requested award	9/20/95
Notice To Proceed	12/04/95
Completion of Construction	1/21/96

The existing 3'x5' brick sewer is being replaced by a 42" RCP. Careful consideration had to be given to clearance of existing utilities and the impact of construction to traffic in this busy stretch of roadway.

The bid sheets attached indicate that the bidders are Local Business Enterprises. Either Esquival Paving and Grading or Marinship Contractor Services, Inc., who are Minority Business Enterprises, bid on each of these four jobs being questioned. This is not different than our routine contracts. In conclusion, the uses of Class "B" emergency contracts do not circumvent competitive bidding.

I hope this addresses your concerns. If you have any questions, please call Norman Chan at 554-8355.

Respectfully,

R. T. Cockburn

Deputy Director for Engineering

& City Engineer

Attachment:

List of Emergency Sewer Projects (Nov. 94 to Nov. 95).

Draft Bureau Procedure 5.9. - Emergency projects, Class A & B, Planning,

Design and Construction.

BSSR Requests for Emergency Contract.

BOE Bureau procedure 5.2 - Utility Liaison Procedure.

cc:

John Cribbs

Norman Chan

Henry Anderson

RECOMMENDED BY:

APPROVED BY:

Nelson Wong Civil Engineering Division Manager In Tunkata

Don T. Munakata

Chief of Bureau of Engineering

HGA/hs



# DRAFT

#### **BUREAU PROCEDURE 5.9**

# EMERGENCY PROJECTS, CLASS A & B, PLANNING, DESIGN AND CONSTRUCTION

#### A. PURPOSE

To establish guidance and routine for the prompt execution of emergency contracts.

#### B. DISCUSSION

During the course of a year a number of projects will arise which are driven by the pressing need to resolve an unanticipated situation which would result in additional or serious damage to property or endangerment of the safety of our citizens. Such projects are defined as emergencies and require by their nature that the usual routines of the Department of Public Works be altered in order to act in a timely manner. These alterations are described in this procedure.

#### C. PROCEDURE

- The authority to declare an emergency originates in the San Francisco Administrative
   Code Section 6.30, titled "Emergency Repairs, Work and Contracts". The authority
   is vested in the Department Head (in this case the Director of the Dept. of Public
   Works) with approval of the Chief Administrative Officer and notification of the
   Board of Supervisors.
- The definition of an emergency is an unforeseen occurrence which might endanger the lives, health, welfare and/or property of the public. For procedural purposes we divide emergencies into Class "A" and Class "B" emergencies. A Class "A"

emergency is one in which action must be taken immediately to relieve or avoid actual loss of property or endangerment of the life or health of the public. A Class "A" emergency will entail finding the first available qualified contractor and directing work to be accomplished on a time and material basis or by cost quote with plans and contract documents to follow. A Class "B" emergency has sufficient time to allow plans, written specifications and contract documents to be prepared but not enough time to allow all routine procedures to be followed.

- 3. Class "A" emergencies are typically first discovered by the personnel of one of the Operating Bureaus. Notification of the emergency conditions and any photographs or first hand measurements and observations should be made to the appropriate Design Section by phone call with written confirmation by FAX or messenger. The Design Section should notify utility companies by phone call and <u>Underground Service Alert</u> for 24 hour marking, prepare sketches or marked-up record drawings to assist contractors in evaluating their ability to respond, notify the applicable Program Manager to open an emergency job order, and calls contractors to find one who can respond. Though the usual advertising, bidding and awarding procedures are not used, the contractor must meet the following three requirements before being authorized to proceed:
  - The Engineer should provide a clear written description of the scope of work being undertaken. The contractor should respond with a written cost quote.
  - 2. A commitment and ability to respond in a timely manner.
  - Proof of insurance with the City as an additional insured.
     Items 1 and 2 should be in writing if possible.

Item 3 must be in the form of an insurance certificate.

Class "B" emergencies are awarded in a manner similar to routine contracts. The differences will be noted here:

1. When notified by the Operating Bureau of the emergency, the Design Section will respond in writing of their intended course of action, schedule and understanding of what the Operating Bureau must do to stabilize the situation. Utilities are notified in writing will be conducted through with a "single pass" notice similar to the Notice of Intent format. Advertising is by calling contractors who have successfully completed recent, similar City contracts. The advertising period is as necessary (usually 1 week) to gain competitive bids. Bids are to be delivered to the Design Section's designated project engineer.

Bids are opened by the Design Section and copies of the three low bids transmitted by FAX OR MESSENGER to Human Rights Commission (HRC) and the original bids, a tabulation of bids and a memo describing the emergency sent to Contract Administration (Cont. Admin.). HRC transmits comments and approval to Cont. Admin. and Design Section by FAX within 2 days. When the Director has signed the Order of "Emergency Declared and Contract Awarded" and the contractor has delivered bonds, insurance and the contract documents to Cont. Administration, Notice to Proceed (NTP) will be issued.

The completed contract documents will be forwarded by Contract Administration to the City

Attorney and Chief Administrative Officer for signatures. The resolution authorizing the

Director to proceed with an emergency contract will be calendared for the Board of

Supervisor's Budget Committee and the appropriate Program Manager will present the item
to the Committee with help as necessary from the Design Section and Operating Bureaus.

Memo to Budget Committee November 29, 1995 Meeting of Budget Committee

#### Item 10 - File 30-95-21

Department:

Department of Public Health (DPH)

Item:

Resolution authorizing the adoption of the County description of the proposed expenditures of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 1995-96, and that the Chairperson or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County description of the proposed expenditure of CHIP funds for fiscal year 1995-96.

Description:

In October of 1989, the DPH began its implementation of State AB 75, the Proposition 99/Tobacco Tax Bill. State AB 75 created the California Healthcare for Indigents Program (CHIP) to provide counties with funds for the provision and expansion of health care services to medically indigent adults.

Local CHIP funds are used to reimburse participating county hospitals, and non-county hospitals, for inpatient, outpatient and emergency services and participating private physicians for emergency, obstetric and pediatric services provided to indigent persons. The DPH advises that State regulations require that the City submit to the State, on an annual basis, a description of the proposed expenditure of the CHIP funds. The DPH reports that for FY 1995-96, the City will receive an allocation totaling \$9,017,274 in CHIP funds as follows:

County Hospitals	\$6,229,454
Non-County Hospitals	422,398
Physician Services	651,627
Other Health Services	1,713,795
Total	\$9,017,274

According to Mr. Jeff Leong of the DPH, the State distributes the CHIP funds by formula. At the time that the Board of Supervisors approved the CHIP grant application, acceptance and expenditure (File 146-95-11), the DPH estimated a grant award of \$8,971,844. The total amount of \$9,017,274 reflects an increase of \$45,430 over the originally anticipated grant amount of \$8,971,844. (See Comment No. 1.)

San Francisco General Hospital (SFGH) has been designated as the City's recipient of CHIP funds earmarked for county hospitals. As noted above, for FY 1995-96, the total amount

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available for expenditure by SFGH is \$6,229,454. Under the DPH proposed expenditure plan, the \$6,229,454 would be expended as follows:

SFGH Indigent Care	\$5,771,360
Child Health and Disability	
Prevention Treatment Services	80,843
DPH Administrative Costs	377,251
Total	\$6,229,454

The total amount available for expenditure for non-county hospitals is \$423,210 (\$422,398 plus \$812 from prior year interest). The DPH reports that under the Department's proposed expenditure plan, 49.9 percent or \$211,199 of the CHIP non-county hospital funds will be allocated to the City's ten local non-county hospitals on the basis of a formula. The remaining \$212,011 or 50.1 percent of these funds will be allocated by the DPH under a discretionary category. The formula allocation is based on the State Office of Statewide Planning and Development's uncompensated health care data, collected from all noncounty hospitals statewide. Under State regulations all local non-county hospitals are entitled to a share of the formula allocation based on each hospital's level of uncompensated health care costs.

The 50.1 percent balance of \$212,011 in CHIP discretionary funds are not required by State regulations to be allocated to all non-county hospitals. Therefore, the DPH has the discretion to allocate these funds to one or more non-county hospitals for the provision of health care services to indigent persons, as it deems appropriate. However, DPH intends to allocate the \$212,011 by reimbursing all ten non-county hospitals and paying for the associated costs as follows:

Non- county Hospitals*	\$187,967
Professional Services Contract:	
Medicus Systems Corporation (see Comment No.	2) 23,232
DPH Administrative Cost	812
Total	\$212.011

\* The ten non-county hospitals include (1) California Pacific Medical Center - California Campus, (2) California Pacific Medical Center - Pacific Campus, (3) Chinese Hospital, (4) Davies Medical Center, (5) Medical Center at the University of California, San Francisco, (6) Pacific Coast Hospital, (7) St. Francis Memorial Hospital, (8) St. Luke's Hospital, (9) St. Mary's Hospital and Medical Center and (10) University of California - San Francisco/ Mt. Zion.

In accordance with State regulations, the DPH has established an Emergency Medical Services (EMS) account and a New Contracts Physician Services account for the receipt and deposit of the CHIP Physician Services funds. Of the \$651,627 allocated for physician services for 1995-96, \$539,627 or approximately 82.8 percent would be deposited to the EMS account and \$112,000, or 17.2 percent would be deposited to the New Contracts Physician Services account.

DPH reports that the total amount available in the EMS account for FY 1995-96 is \$541,448 (\$539,627 plus \$1,821 from prior year interest). Under DPH's proposed expenditure plan, the \$541,448 would be expended as follows:

Physician Services	\$485,664
Physician Contract Services:	
Medicus Systems Corporation (see Comment 2)	53,963
DPH Administrative Costs	1,821
Total	\$541,448

The DPH advises that the total amount available in the New Contracts Physician Services account is \$112,000. The DPH's proposed expenditure plan provides for the expenditure of the \$112,000 as follows:

Physician Services	\$70,785
Child Health and Disability	
Prevention Treatment Services	30,015
Physician Contract Services:	
Medicus Systems Corporation (see Comment 2)	11,200
Total	\$112,000

According to the DPH, the total amount available under the CHIP Other Health Services category for FY 1995-96 is \$1,713,795. The DPH's proposed expenditure plan provides for the expenditure of the \$1,713,795 as follows:

SFGH Indigent Care	\$1,610,009
Physician Contract Services:	
Medicus Systems Corporation	55,402
DPH Administrative Costs	48,384
Total	\$1,713,795

## Comment:

1. Mr. Leong reports that, during FY 1994-95, the State reduced CHIP allocations as part of a mid-year adjustment. Mr. Leong advises that the DPH anticipates that there may be similar funding reductions, of an unknown amount, during

Memo to Budget Committee November 29, 1995 Meeting of Budget Committee

FY 1995-96. However, Mr. Leong advises that the DPH is required to submit a description of proposed CHIP expenditures to the State based on the allocation in effect at this time (\$9,017,274).

- 2. The DPH advises that it would continue to contract with Medicus Systems Corporation for the provision of fiscal intermediary services for the participating non-county hospitals and private physicians. These services include the receipt, processing and payment of claims in connection with the CHIP program. In addition to the fiscal intermediary services, Medicus Systems would continue to be responsible for provider relations, information dissemination and data reporting, and would assist the DPH in the CHIP program management.
- 3. Mr. Leong advises that the expenditure plan for CHIP Other Health Services that was included in the copy of the plan that was submitted to the Board of Supervisors contains incorrect figures. The correct figures have been shown above. Mr. Leong will submit a corrected version of this portion of the CHIP plan to the Clerk of the Board.

**Recommendation:** Approve the proposed resolution.

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#### Item 11 - File 97-95-64

**Note:** The Clerk of the Board has advised that the Administrative Code number of the proposed ordinance should be 3.20, instead of 3.19 as drafted.

Item:

Ordinance amending Administrative Code by adding Section 3.20 to establish City and County policy that a Savings Incentive Fund be established on an annual basis, and authorizing that appropriations from the Fund may be made to departments that demonstrate that they have achieved an actual savings during the immediately preceding fiscal year.

Description:

The proposed ordinance would amend the Administrative Code to establish a new Fund, to be known as the Savings *Incentive Fund*, for the purpose of making additional monies available to City departments as an incentive to the Departments. Such additional monies are to be used to increase the operational efficiency of the Departments. Departments would be able to request monies to be appropriated by the Mayor and the Board of Supervisors from the Savings Incentive Fund provided that the Departments demonstrate that they were able to reduce the cost of service delivery, or reduce other costs, and/or increase existing tax and fee revenues during the immediately preceding fiscal year, and consequently were able reduce their reliance on General Fund revenues in that fiscal year. Any request for monies from the Savings Incentive Fund may not exceed 25 percent of the amount of savings achieved by the department in the preceding fiscal year.

The proposed ordinance provides that the Mayor will consult with the Controller, the Chief Administrative Officer, and the Budget Analyst to develop criteria for determining when the Mayor will recommend to the Board of Supervisors that a request for appropriation from the Savings Incentive Fund should be approved.

The proposed ordinance provides that monies will be made available to the Savings Incentive Fund by October 1 of each fiscal year through appropriating the greater amount of either, (a) \$2,000,000, or, (b) ten percent of the appropriations closed out to the General Fund for the preceding fiscal year, as determined by the Controller.

The Controller's Office advises that, over the last four years, appropriations closed out to the General Fund has ranged widely, from \$110,000 in FY 1990-91, to \$10,498,000 in FY 1993-94, with an overall close-out average of \$3,738,500 for the last four Fiscal Years. The amount provided for in (b)

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above could also range widely, but is likely to be less than \$2,000,000. Ten percent of the four year average of \$3,738,500, is \$373,850.

Comment:

The Budget Analyst fully supports this proposal to provide incentives to Departments which realize actual savings, (reduced costs and/or increased revenues) from their budgeted funds.

**Recommendation:** Approve the proposed ordinance.

Memo to Budget Committee November 29, 1995

Item 12 - File 47-95-12

see attached revis r

Department:

Department of Parking and Traffic (DPT)

Item:

Resolution approving valet parking rates for the Lombard Street Garage.

Description:

The Lombard Street Garage is a City-owned facility located at 2055 Lombard Street. The garage is operated by Allright Parking under a management agreement with the City whereby the operator pays the City 40.1 percent of gross revenues.

The San Francisco Parking and Traffic Commission has oversight responsibility of City-owned parking facilities. This responsibility includes reviewing the parking fees and monthly parking permits charged at City-owned garages and lots and making recommendations to the Board of Supervisors for changes in parking fees.

On November 7, 1995, the Parking Authority Commission approved a resolution recommending that the Board of Supervisors approve a new valet parking rate at the Cityowned Lombard Street Garage. Under the proposed resolution, merchants of near-by restaurants and bars would charge patrons for valet parking services. In turn, the merchants would pay the Lombard Street Garage a flat rate of \$1.25 per car parked. The proposed new valet rate would have a 2-hour limit between the hours of 11 a.m. and 3 p.m., and a 4-hour limit between the hours of 6 p.m. and the Garage's closing hour (closing hours vary between Midnight and 3 a.m.).

Comments:

- 1. There are a total of 205 parking spaces at the Lombard Street Garage, including 50 spaces each on the first, second and third levels, and 55 spaces on the roof. The Parking Authority Commission is requesting that the 55 spaces on the roof of the Garage be used for valet parking. Mr. Kevin Hagerty of the Department of Parking and Traffic advises that the subject 55 spaces on the roof of the Lombard Street Garage are not used frequently and are available for the proposed valet parking.
- 2. According to Mr. Hagerty, the purpose of implementing a valet parking rate at the Lombard Street Garage is to respond to the requests of merchants for a valet parking rate which would make it more convenient for patrons to use the restaurants and bars in the Marina and Cow Hollow Districts.

- 3. The proposed resolution states that the Parking Authority will review the valet parking program six months after implementation.
- 4. According to Mr. Hagerty, the Lombard Street Garage would be the first City-owned garage authorized to charge a valet parking rate. Mr. Hagerty advises that the proposed flat rate of \$1.25 per parking space, which would be payable to the Lombard Street Garage, is competitive for the area in which the Garage serves.
- 5. Mr. Hagerty reports that the FY 1994-95, gross receipts from the Lombard Street Garage was approximately \$821,000. Mr. Hagerty estimates that the proposed 55 valet parking spaces on the roof of the Lombard Street Garage would generate an additional \$1,500 in monthly gross receipts or approximately \$18,000 annually. The annual estimate is based on 14,400 patrons using valet parking multiplied by the flat rate of \$1.25 per parking space. As such, the 55 valet parking spaces would increase the Lombard Street Garage's annual gross receipts from approximately \$821,000 to \$839,000.
- 6. Based on the anticipated \$18,000 in additional annual gross revenues associated with the proposed valet parking rate, the City would receive \$9,374 in estimated additional annual revenues as follows:

Total Annual Estimated Parking
Revenues Associated with
55 Valet Parking Spaces \$18

\$18,000

Less Parking Tax Revenue @ 25% (included in the \$18,000)

3,600

Net Additional Annual Parking Revenues (Net of Parking Taxes)

\$14,400

Estimated Annual Parking Revenues to the City at 40.1 percent

\$5,774

Estimated Additional Annual Parking Tax Revenue

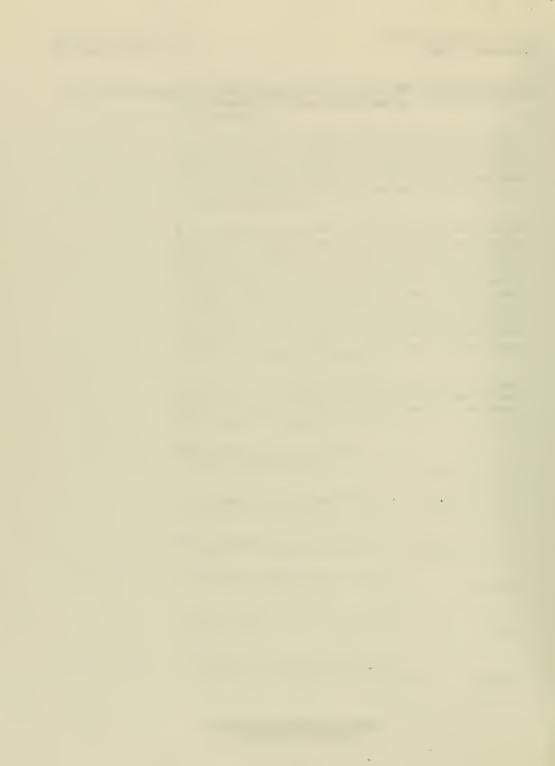
3,600

Total Annual Estimated Additional Revenue to the City by authorizing the use of 55 parking spaces for valet parking

\$9,374

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**Recommendation:** Approval of the proposed resolution as amended, is a policy matter for the Board of Supervisors.



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### Item 13 - File 101-95-28

Department:

Department of Public Works (DPW)

Item:

Ordinance appropriating \$1,742,790 to the Department of Public Works from the General Fund Reserve for the City Hall Non-Seismic Improvement Project (the Project) for Fiscal Year 1995-96. Provides General Fund support pending bond sale.

Amount:

\$1,742,790

Source of Funds:

General Fund Reserve

(General Fund Reserve will be reimbursed out of proceeds from the City Hall Non-Seismic Improvement Bonds)

Description:

On November 7, 1995, the San Francisco electorate approved the issuance and sale of \$63,590,000 of General Obligation bonds (Proposition A) for the purpose of making non-seismic improvements to City Hall, including (a) converting space formerly used for courtrooms to office space; (b) bringing existing office space up to code and preparing it for modern telephone and computer equipment; (c) installing fire sprinklers, a fire alarm system and an emergency power system; (d) providing required access for persons with disabilities; (e) making improvements to the electrical, telephone and data systems; (f) preserving historic features of the buildings; and (g) modifying other City Hall spaces, including space for a child care center.

Ms. Stephanie Carlisle of the Office of the Chief Administrative Officer (CAO) estimates that the Proposition A bonds will be issued in March of 1996 and that proceeds will become available in April of 1996. Approval of Item 16, File 170-95-12 of this report to the Budget Committee would declare the intent of the City and County of San Francisco to use the proceeds of the Proposition A General Obligation bonds to reimburse the City for any General Fund monies advanced (as is being requested under this subject ordinance) in connection with the City Hall project, if such money was advanced prior to the issuance and sale of the bonds.

Mr. Tony Irons, DPW Project Manager, states that the proposed supplemental appropriation would fund management, programming and design work from December 1995 to April 1996. Mr. Irons advises that design of the nonseismic work must be started immediately, in order to coordinate efficiently with the City Hall Seismic Retrofit Project, which is currently in progress. Mr. Irons states that

much of the non-seismic improvement work on the City Hall Project is an extension of the seismic-related work.

#### **Budget:**

#### <u>City Hall Non-Seismic Improvement Project</u> December 1995 to April 1996

I. Programming and Planning	
Includes development of plans for	
space allocation, use and function.	
• Heller & Manus Architects (4,450 hours	\$357,600
@ \$65 to \$120 per hour)	
•Turner Construction (420 hours @ \$80	
per hour) for estimation services	33,600
•DPW Bureau of Architecture (1,680	
hours @ approximately \$65.50 per hour)	110,040
<ul> <li>Chief Administrative Officer (210 hours</li> </ul>	
@ \$61 per hour)	12,810
•Department of Real Estate (420 hours @	
\$96 per hour)	<u>40.320</u>
Subtotal: Programming & Planning	\$554,370

II. Design & Bid Services Includes production of all design and construction drawings and specifications.

• Joint Venture of Heller & Manus Architects, Kamorous Towey Architects, and Finger & Moy Architects; and nine subcontractors, and the DPW Bureau of Architecture (estimate is 10 percent of projected total design/bid costs of \$5,073,582).

507,350

III. Contractor's Overhead and Fees Compensates General Contractor (Huber, Hunt & Nichols) for providing estimates, schedules and management personnel in this phase.

• Huber Hunt & Nichols (estimate is 10 percent of total projected Contractor's overhead and fees of \$4,913,770).

491,370

IV. DPW Management

Management of design coordination, contract preparation, administration and cost control.

•DPW (2,800 hours @ approximately \$67.75 per hour)

189,700

TOTAL

\$1,742,790

#### Comments:

- 1. The total estimated cost, including construction costs, for the City Hall Non-Seismic Improvement Project is \$63,590,000, to be financed by the Proposition A General Obligation Bonds.
- 2. The attached letter (Attachment 1) from Mr. Irons outlines the DPW's strategy for award of both Professional Services and Contraction Contracts for the City Hall Non-Seismic Improvement Project.
- 3. Mr. Irons states that the architectural joint venture of Heller & Manus Architects, Kamorous Towey Architects and Finger & Moy Architects was selected through a Request for Qualification (RFQ) process. Kamorous Towey Architects is a WBE firm, and Finger & Moy Architects is an MBE firm. Mr. Irons advises that the DPW received 9 responses to the RFQ, and selected this joint venture as the most qualified to perform the services. Mr. Irons further advises that final award of this contract is pending certification of funds.

According to Mr. Irons, the nine subcontractor engineering firms working under the joint venture architectural contract were originally selected by a previous RFQ for the City Hall Seismic Project. Mr. Irons states that the engineering subcontracts will not be rebid for the Non-Seismic Improvement Project, because the work involved is connected with the work that is being done for the Seismic Improvement Project, so that it would not be efficient to hire different engineering firms to do the non-seismic work. Attachment 2 is a list of the subcontractors, and their MBE/WBE status.

4. Mr. Irons reports that Turner Construction Company was selected to perform construction management services for the City Hall Seismic Project, and the other projects funded under the Earthquake Safety Project II (ESP II) Bond Fund, through a 1991 Request for Qualification (RFQ) process. Turner Construction Company is not an MBE or a WBE firm. Because the DPW places a high priority on coordinating the seismic and non-seismic aspects of the City Hall improvements, Mr. Irons states that the DPW plans to modify the existing contract with Turner Construction Company, under a new job number, to include construction management services for the City Hall Non-Seismic Improvement Project, in a total projected amount of \$2,767,408, of which the \$33,600 requested in this supplemental appropriation represents 1.2 percent.

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> 5. According to Mr. Irons, the firm of Huber Hunt & Nichols was selected to be the General Contractor for the City Hall Seismic Retrofit on the basis of a competitive bid in early 1995. Huber Hunt & Nichols is not an MBE or WBE firm. Mr. Irons states that the RFQ took into account the possibility of expanding the seismic construction work to include the Proposition A Non-Seismic Improvement Project.

> As shown in Attachment 1, Mr. Ironas states that subcontracts for the actual construction work will be competitively bid. (No further subcontracts for design are anticipated.) Mr. Irons states that the agreement with Huber Hunt & Nichols provides that the City will bid such subcontracts and assign them to the contract with Huber Hunt & Nichols. As General Contractor, Huber Hunt & Nichols will assume full responsibility for the work of the subcontractors, including bonding and liability insurance.

> 6. The cost figures shown in the budget are amounts approved by the Capital Improvements Advisory Committee (CIAC) and the Board of Supervisors (File 170-95-6) in order to place Proposition A on the ballot. As of the writing of this report, the DPW did not have final bids from (1) the design joint venture of Heller Manus Architects, Kamorous Towey Architects, and Finger & Moy Architects; (2) Turner Construction, for construction management services; and (3) Huber Hunt & Nichols General Contractor. However, Mr. Irons states that he expects to have such bids, covering the period from December through April, 1996, to present to the Budget Committee at the November 29, 1995 meeting.

> The DPW has requested that, in the interest of expediting the project to achieve efficient coordination with the City Hall Seismic Project, the Committee should amend the proposed supplemental appropriation ordinance to reflect any differences between the budgeted amounts for the above personal services contracts and the actual bids received by the DPW.

> 7. As noted above, Item 16, File 170-95-12 on the November 29, 1995 agenda of the Budget Committee is a proposed resolution which would authorize the reimbursement of the proposed \$1,742,790 General Fund Reserve supplemental appropriation from Proposition A Bond Fund proceeds.

Recommendations: 1. As requested by the DPW, amend the proposed supplemental appropriation ordinance to reflect actual bids received by the DPW, if such bids are presented by DPW staff to the Budget Committee at its November 29, 1995 meeting.

2. Approval of the proposed supplemental appropriation is a policy matter for the Board of Supervisors, because (1) some contracts for this project would not be bid separately from the City Hall Seismic Project; and (2) actual bids from personal services contractors and the General Contractor had not been received at the time this proposed supplemental appropriation was reviewed by the Budget Analyst.

14:28

City & County of San Francisco D Dept. of Public Works D Bureau of Construction Management Construction Management Consultant: Turner Construction Company | D | Job 5209C8

November 20, 1995

Job Number: 2288U

Job Title: San Francisco City Hall Seismic

Retrofit & Earthquake Damage Repair

Pre-Bond Supplemental Appropriation Subject:

for Proposition A 1995

Mr. Harvey Rose Budget Analyst for Board of Supervisors 1390 Market Street, Suite 1025 San Francisco, CA 94102

Dear Mr. Rose:

This letter is intended to serve as an attachment to the Pre-Bond Supplemental Appropriation request for City Hail Improvement Work submitted by the Department of Public Works. The appropriation request includes all expenditures expected in the first four months of the project. I have been assured by the CAO's Office that the bond sale for Proposition A can take place within this four month period. The monles requested are identified and detailed in the exhibits to the Supplemental Appropriation Request.

In the months prior to the vote on Proposition A, we designed a strategy for award of both Professional Services and Construction Contracts which would both comply with all Federal, State and local laws and the guidelines of the Human Rights Commission. This strategy was developed with the Controllers Office (John Madden) City Attorney's Office (George Wong); DPW OFFMA (Robert Carlson); City Engineer (Todd Cockburn); HRC (Mary Gin Starkweather); and myself. This strategy encompasses two basic concepts.

Firstly, the design of all Proposition A work should be awarded to a Supervising Architectural firm selected through an RFQ process and that the engineering components of that design e.g. mechanical, electrical and structural should be done by those firms that have designed those components for the seismic upgrade project. This assures a competitive selection for the architectural community while retaining continuity of design and liability for the infrastructure components of City Hall. The second concept proposed is that the City Hall Project remain under the care and custody of a single general contractor. It was felt that two or more general contractors in the same building, simultaneously working on parts of the same systems, would result in a completely unworkable situation. In order to satisfy all the requirements of public bldding law, we propose to modify Huber, Hunt & Nichols' existing contract for the seismic retrofit to include schedule, budget, coordination and contractural liability for all Proposition A work, while at the same time competitively bidding all components of the construction work.

The Department of Public Works will identify all construction related to Proposition A as bid packages and advertise those packages for competitive bidding. The award will be made to the lowest, responsive, responsible bidder. The award of contract will be assigned to Huber, Hunt & Nichols and become their contractural responsibility with the City.

We have worked with the Human Rights Commission to structure a program whereby the Professional Services Architectural Contract includes WBE/MBE goals. The successful firm in that RFQ, Heller-Manus in joint venture with Komorous-Towey and Finger & Moy, met those established goals and award of contract, pending appropriation action by the Board is recommended by HRC.

Attachment 1 Page 2 of 2

Mr. Harvey Rose Budget Analyst for Board of Supervisors November 20, 1995 Page 2

To comply with HRC recommendations regarding all construction work, each bid package will have its own established goals and each bidder will be required to meet the good faith efforts in achieving those. Overall, the intent of this structure is to provide continuity in the design and construction of the project while complying with both bidding and HRC requirements.

If you have any questions, please contact me at (415) 863-0273.

Sincerely,

Anthony E. Irons Project Manager

Tl:yc

cc:

John Cribbs, DPW
Todd Cockburn, DPW
John Madden, Controller's Office
Robert Carlson, DPW OFFMA
George Wong, City Attorney
Mary Gin Starkweather, HRC

City Hall Departments/BOS112085

Attachment 2 Page 1 of 3

#### SAN FRANCISCO CITY HALL PROJECT PROPOSITION A PROJECT CONSULTANTS

PRIME CONSULTANTS

STATUS

(WBE)

Architecture

FROM :SF CITY HALL PROJECT

Heller - Manus Architectects

221 Main Street

San Francisco, CA 94105

Architecture

Finger & Moy (MBE)

231 Sansome Street San Francisco, CA 94104

Architecture

Komorous-Towey Architects

1355 Market Street, Suite 326 San Francisco, CA 94103

Furniture Systems/ Move Coordinators

Castelero Design + Project

Mamt.

957 Alvardo Street

San Francisco, CA 94114

SUB-CONSULTANTS

Architecture Levy Design Partners (WBE)

26 South Park

Architecture

San Francisco, CA 94107

(MBE)

(WBE)

(MBE)

(MBE)

Rachael Hagner 2550 Clay Street

San Francisco, CA 94115

Marie Fisher Interior Design

1706 Stockton Street San Francisco, CA 94133

Cervantes Design Architecture

Associates

89 Coleridge Street

San Francisco, CA 94110

**Telecommunications** J&M Consultants, Inc.

39 Florence Street

San Francisco, CA 94133

ABR Consulting Group, Inc.

P.O. Box 1116 Larkspur, CA 94977

Attachment 2 Page 2 of 3.

# SAN FRANCISCO CITY HALL PROJECT PROPOSITION A PROJECT CONSULTANTS

PRIME CONSULTANTS

STATUS

(MBE)

(WBE)

(WBE)

(MBE)

(WBE)

(MBE)

(MBE)

Architecture

Heller - Manus Architectects

221 Main Street

San Francisco, CA 94105

Architecture

Finger & Moy

231 Sansome Street

San Francisco, CA 94104

Architecture

Komorous-Towey Architects

1355 Market Street, Suite 326

San Francisco, CA 94103

Furniture Systems/ Move Coordinators Castelero Design + Project

Mgmt.

957 Alvardo Street

San Francisco, CA 94114

SUB-CONSULTANTS

Architecture

Levy Design Partners

26 South Park

San Francisco, CA 94107

Architecture

Rachael Hagner

2550 Clay Street San Francisco, CA 94115

Marie Fisher Interior Design

1706 Stockton Street

San Francisco, CA 94133

Architecture

Cervantes Design

Associates

89 Coleridge Street

San Francisco, CA 94110

Telecommunications

J&M Consultants, Inc. 39 Florence Street

San Francisco, CA 94133

ABR Consulting Group, Inc.

P.O. Box 1116

Larkspur, CA 94977

11:12 #365 P.04/04

Attachment 2 Page 3 of 3

## SAN FRANCISCO CITY HALL PROJECT **PROPOSITION A PROJECT CONSULTANTS**

PRIME CONSULTANTS		STATUS
Architecture	Heller - Manus Architectects 221 Main Street San Francisco, CA 94105	
Architecture	Finger & Mpy 231 Sansome Street San Francisco, CA 94104	(MBE)
Architecture	Komorous-Towey Architects 1355 Market Street, Suite 326 San Francisco, CA 94103	(WBE)
Furniture Systems/ Move Coordinators	Castelero Design + Project Mgmt. 957 Alvardo Street San Francisco, CA 94114	
SUB-CONSULTANTS	San Francisco, OA 84114	
Architecture	Levy Design Partners 26 South Park San Francisco, CA 94107	(WBE)
Architecture	Rachael Hagner 2550 Clay Street San Francisco, CA 94115	(MBE)
	Marie Fisher Interior Design 1706 Stockton Street San Francisco, CA 94133	(WBE)
Architecture	Cervantes Design Associates 89 Coleridge Street San Francisco, CA 94110	(MBE)
Telecommunications	J&M Consultants, Inc. 39 Florence Street San Francisco, CA 94133	(MBE)
	ABR Consulting Group, Inc. P.O. Box 1116 Larkspur, CA 94977	

Memo to Budget Committee November 29, 1995

Items 14 and 15 - Files 101-95-24 and 102-95-6

Note: These items were continued by the Budget Committee at its meeting of

November 15, 1995.

Department: Department of Public Health

Community Health Services

Item: Item 14, File 101-95-24 - Ordinance reappropriating \$143,379 for salaries and fringe benefits for the creation and

deletion one (1) position for the Department of Public Health

Community Health Services for FY 1995-96.

Item 15, File 102-95-6 - Amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995-96) to reflect the deletion of one position and the addition of one position in the Department of Public Health, Community Health Services

**Amount:** \$143,379

Source of Funds: Reappropriation of surplus funds in the Department of Public

Health FY 1995-96 Budget

Description: The Department of Public Health (DPH), Community Health Services Division is requesting the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical

Director, Emergency Medical Services Agency (EMSA) position. The DPH requests that \$143,379 in surplus monies be rescinded from Permanent Salaries, Fringe Benefits, and Salary Savings in the DPH's existing FY 1995-96 budget, and reappropriated to fund the reclassification of the Medical

Director position.

The DPH reports that the Department has attempted to recruit and hire a permanent Medical Director for the Emergency Medical Services Agency (EMSA) for two years and has not been able to attract qualified candidates because the existing salary of the 2235 Medical Director is lower than prevailing rates for an emergency medicine specialist in comparable counties.

The DPH is seeking reclassification of the Medical Director position which would increase the biweekly wage rate from \$3,966 - \$4,821 to \$4,753 - \$5,778. At the top step, the annual salary of the new classification will be \$150,806 or \$24,978 (19.9%) more annually than the annual salary of \$125,828 for the existing position.

The Department reports that the EMSA Medical Director requires board certification in emergency medicine, which is a qualification that commands a higher salary than that of other Medical Directors in the Department. The DPH reports that the proposed wage rate is consistent with that of associate level emergency medicine physicians working at San Francisco General Hospital.

The proposed ordinance (File 102-95-6) would amend the FY 1995-96 Annual Salary Ordinance to reflect the reclassification of a 2235 Medical Director, DPH position to a new AB04 Medical Director, EMSA position, for the DPH's Community Health Services Division.

#### **Budget:**

The DPH is currently engaged in a national search for a Medical Director for the EMSA, and plans to have the position filled by February 1, 1996. The required funds that would be needed for Salaries and Fringe Benefits for the new AB04 Medical Director position, at a biweekly salary of \$4,753 at the first step, for 11 pay periods (February, 1, 1996 through June 30, 1996) is as follow:

AB04 Medical Director, EMSA - (1 FTE)	
Salaries	\$52,283
Fringe Benefits	9,934
Total AB04 Medical Director	\$62,217

#### Comments:

- 1. As noted above, the anticipated start date of the new AB04 Medical Director position is February 1, 1996, meaning that the DPH would only be able to fill this position for a total of 5 months or 11 pay periods, during FY 1995-96. Therefore, the proposed request for Salaries should be reduced by \$72,451 from \$124,734 to \$52,283, and the proposed request for Fringe Benefits should be reduced by \$8,711, from \$18,645 to \$9,934 to reflect the cost for 5 months of Salaries and Fringe Benefits instead of 12 months. As such, the proposed total request should be reduced by \$81,162, from \$143,379 to \$62,217.
- 2. Dr. Mitchell Katz, M.D., Director of the DPH's Epidemiology, Disease Control and AIDS (EDCA) Division, advises that in September, 1993, an Emergency Medicine certified physician was hired to serve as the Interim Medical Director for the EMSA until a permanent Medical Director was found, but the Interim Medical Director resigned in February, 1995. Dr. Katz advises that in addition to his current duties as Director of EDCA, he has also been performing the duties of the EMSA Medical Director since February, 1995. Dr. Katz, further advises that because the

EMSA Medical Director position requires Board Certification in Emergency Medicine, there are no DPH employees that are qualified for this position.

- 3. Attachment 1 is a Memorandum from Dr. Katz to the Budget Analyst Office stating the DPH's position on the proposed reclassification of the EMSA Medical Director position. Dr. Katz' Memorandum references the following Sub-Attachments: a) Letter from a doctor that was offered the Medical Director position, stating that family concerns and inadequate benefits were reasons for declining the 2235 Medical Director position, b) Memorandum from Ms. Arla Escontrias, Affirmative Action Specialist, to Ms. Abbie Yant, Assistant of the EMS Agency, recommending "... not continuing this recruitment [for an EMSA Medical Director] unless the department [DPH] considers increasing the salary or lowering the minimum qualifications." (Ms. Escontrias advises that although her title is Affirmative Action Specialist, she also handles all other administrative recruitment procedures for the DPH), and a c) Survey, conducted by the DPH, which shows a comparison of EMSA Medical Director hourly wages for various Counties throughout California.
- 4. The Survey (Attachment Ic) uses hourly rates as a basis for comparison because all of the surveyed counties, with the exception of San Francisco, employ part-time EMSA Medical Directors on a contract basis. The survey shows that the hourly rate for San Francisco's existing 2235 Medical Director position at the top step (\$60.26/hr.), is higher than the hourly rate for Contra Costa County (\$60.00/hr.) and Orange County (\$58.64/hr.), but lower than Alameda County (\$71.63/hr.) and San Diego County (\$82.69/hr.). The hourly rate for the proposed new AB04 Medical Director, EMSA position ranges from \$59.41 at the lowest step to \$72.23 per hour at the top step, plus benefits. Among the 5 counties to respond to the survey, the City and County of San Francisco is the only County to provide benefits for their EMSA Medical Director.
- 5. Ms. Linda Marini, of the Department of Human Resources, reports that the only other Civil Service position within the City to earn an annual salary of more than \$150,806 at the top step (proposed AB04 Medical Director salary at the top step) is classification 1164 Administrator, SFGH Medical Center. The annual salary of the 1164 Administrator, SFGH Medical Center, at the top step is \$165,265. The proposed AB04 Medical Director's salary in the amount of \$150,806 at the top step is higher than the

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> annual salary of the Director of Public Health (\$135,459 at the top step), and the annual salary of the Mayor (\$138.669).

- 6. Attachment II is a memorandum from Mr. Wendell Pryor. Director for the Department of Human Resources (DHR). Mr. Pryor's memorandum states that the DHR cannot make a final classification/compensation recommendation for the proposed reclassification until additional information is received from the DPH and analyzed by DHR staff. Mr. Pryor's memorandum lists the information that would be required in order for the DHR to make a final decision on the proposed reclassification.
- 7. Mr. Pryor has advised the Budget Analyst that the Department of Public Health has requested that these items be continued to the December 6, 1995 Budget Committee meeting.

- Recommendations: 1. In accordance with Comment No. 1 above, reduce the proposed ordinance by \$81,162, from \$143,379 to \$62,217, to reflect the cost for five months rather than full-year salary and fringe benefit costs for the proposed AB04 Medical Director, EMSA position (101-95-24).
  - 2. Continue these items to the Budget Committee meeting of December 6, 1995 as requested by the Department of Public Health.

# City and County of San Francisco

# Department of Public Health



#### MEMORANDUM

October 31, 1995

TO:

Mikyung Kim

Budget Analyst

FROM:

Mitchell H. Katz, MD

Interim Medical Director, EMS Agency

Director, Epidemiology, Disease Control & AIDS

I have received your request for written justification about the EMSA Medical Director and am happy to provide this information. As you know the Health Department is requesting a supplemental appropriation in order to fill this critical position. I am supplying you with a brief description of the EMS Agency (EMSA), a list of the duties and needed qualifications of the EMSA Medical Director, an explanation of why we are seeking an increase in salary for the EMSA Medical Director, the consequences of having this position vacant,

The EMS Agency is responsible for coordinating all health aspects of the 911 Emergency Medical System in San Francisco. This system receives over 65,000 emergency calls a year and transports over 40,000 San Francisco residents and visitors a year. The providers who are regulated by this agency include the Fire Department first responders, Central-medical Dispatch, the public paramedics, three private agency paramedics, 10 receiving hospitals, a single base hospital (which provides consultative services to the paramedics), and a trauma center. In addition the agency is responsible for planning the Disaster Preparedness and Response needs for the entire Health Department,

Every county is required to have an EMSA Medical Director by the State of California.

A list of the Responsibilities of the EMSA Medical Director and the Qualifications are listed below.

# Responsibilities include:

- Plans, implements, and evaluates the EMS System.
- Ensures quality emergency medical services are delivered through policy, procedure, protocols, and standards.
- Advises the Director of Health and the Deputy Director of Health on matters pertaining to emergency medical issues with the Department of Health and the Emergency Medical Services System.

- Represents the Department of Health to outside agencies and the general community on emergency medical issues.
- Participates in committees and professional organizations related to EMS including the San Francisco Emergency Physicians Association and the State EMS Medical Directors Association.
- Certifies pre-hospital personnel according to State and local regulation and provides for disciplinary action as needed.
- 7. Actively interacts and consults regarding EMS with department and community physicians.
- 8. Reviews and approves pre-hospital training programs.
- 9. Provides emergency medical input into department disaster plans.
- 10. Provides for special studies and research of EMS to improve EMS services.
- 11. Performs other duties as assigned by the Director of Health.
- 12. Develops, implements, and monitors budget.

#### Qualifications (Required):

- Possession of a valid license to practice medicine issued by the California Medical Board.
- Board certification by the American Board of Emergency Medicine.
- Three years experience in emergency medicine.
- At least one year of experience working in an administrative position within EMS.

The Department has requested and received an "A" Class number for this position at FY 95/96 Salary schedule 81.0 \$4,753 B 5,778 because of the difficulties recruiting a qualified individual for this position at the previous salary.

Specifically, when the original incumbent resigned from the EMSA position in Class 2235 Medical Director, another provisional appointment was made and a national search for a permanent replacement launched in September 1993. The recruitment drive resulted in the receipt of only four applications, two of which met the minimum qualifications. The incumbent did not wish to be considered for a permanent appointment and therefore did not file an application. One of the two candidates who were interviewed was deemed successful and he was offered appointment to the position. Unfortunately, he declined the position several months later, partially due to the non-competitive salary and benefits package (See attached March 1994 letter to Larry Meredith, Ph.D., Deputy Director of Operations, DPH). Other recruitment difficulties are further detailed in the attached December 12, 1994 memo from Arla Escontrias, Affirmative Action Specialist to Abbie Yant, Assistant Director, EMSA.

A recent salary survey of comparable positions within other jurisdictions (Copy attached) does confirm that two of the four (50%) responding agencies have a more competitive salary than the top rate for the subject position. Further analysis indicates also that the recommended FY 95/96 salary of Schedule 81.00 \$60.00 H 73.00 for the subject "A" Class is more competitive and should therefore facilitate recruitment of more qualified applicants for the position.

Because of the State mandated requirement that there be an EMSA Medical Director, there has always been a physician functioning as an Interim Medical Director. When the last permanent Medical Director left in September 1993, an Emergency Medicine certified physician agreed to serve as the Interim Medical Director only until a permanent medical Director was found. He

Memo: Mikyung Kim

was not interested in applying for the permanent position. In fact, he resigned in February of 1995 prior to the selection of a new Medical Director. Unfortunately, the recruitment effort failed and I have served as the Medical Director for the agency since February of 1995 in addition to my permanent position (Director, Epidemiology, Disease Control & AIDS; Budget: 80 million; Staff: 380 positions).

The lack of a permanent medical director has had a negative impact on the EMSA and the city. Although I have been able to maintain core functions, several important functions have not been fulfilled. We have done very little training, both of paramedics and of the general population (e.g., bystander CPR, first aide). We have done little outreach to the community to learn how to make EMS services more responsive to their needs. In the past the EMSA has done a great deal of research on out-of-hospital care. Because of the lack of a Medical Director we have received less research funds this year than in past years (Research funds in FY 95-96 are \$90,000 compared to over \$200,000 two years ago). Finally, the lack of a Medical Director has had a detrimental effect on morale through the EMS system. The city has been publicly criticized by the San Francisco Emergency Physician's Association and the San Francisco Paramedic Division for our failure to hire a full-time, permanent Medical Director. To these groups our failure indicates that we do not prioritize these services despite the fact that the lives of San Francisco's residents and visitors depend on it.

cc: Sandra Hernández, MD Anne Kronenberg

Entrate Pool

Paul Krochmal, MD.

800 Village Walk #286 Gülford CT 06437

March 27, 1995

Larry Meredith, PhD
Deputy Director of Operations
Department of Public Health
101 Grove
San Francisco, CA 94102

Dear Dr. Meredith:

I am sorry to tell you that I must withdraw from consideration for the position of EMS Medical Director. My reasons are primarily personal.

The position in San Francisco is more interesting than any other I have considered. The people are great and San Francisco is fascinating. However, I have come to the conclusion that this would be a very awkward moment in time for me to move so far from my elderly parents.

In all fairness, I am also concerned about the total compensation package. While money is not everything, the benefit package is about as slim as it gets. Two weeks of vacation for 5 years! \$500/year in tuition? Nevertheless I would be interested enough in this position to be willing to subsidize San Francisco if it were not for my family situation. The marginal compensation would make it very difficult to get to the East Coast on a regular basis.

I can't thank you enough for all you have done. Please express my regrets to the others.

Sincerely,

Paul Krochmal, MD, FACEP

MAR 3 0 1995

## City and County of San Francisco

# Department of Public Health



December 12, 1994

To:

Abbie Yant, Assistant of EMS Agency

From:

Arla Escontrias, Affirmative Action Specialist

Re:

EMS Medical Director Recruitment

During the last four (4) months I have worked with you to recruit a pool of qualified candidates for the EMS Medical Director position.

You took the responsibility to mail out the job announcements to various EMS agencies to place advertisements in national, state wide and local EMS journals. As a follow up to your direct mail out I made several phone calls to the individuals and agencies on your mailing list and to my contacts. Unfortunately my efforts were not well received because I was told the salary (\$49.13-59.73 hourly) was too low. I was advised by ten (10) doctors that the salary is much to low for this type of position with these responsibilities. The doctors I spoke with stated that the salary is not competitive (\$86.53 hourly) with what other medical directors are currently making. It was suggested that if the department does not raise the salary then the minimum requirements for should be lowered to attract physicians with little or no experience.

I also called Dr. Pointer in Florida hoping that he might direct me to someone who may be interested in applying for the position or refer me to other recruitment sources. He sent me a fax stating that the salary is to low.

Recruitment for this position began in September. To date we have recruited four (4) applicants. I recommend not continuing this recruitment unless the department considers increasing the salary or lowering the minimum qualifications.

Should you have any questions or suggestions how to proceed please contact me at 554-2597.

cc:

Dr. Doug Goldman Larry Meredith

Rafael Centeno Gloria Louie

# Ulty and County of San Francisco



Department of Public Health Classification,
Recruitment & Selection Units

Recruitment & Selection Units
Building 10, Ward 13

3 San Francisco, CA 94110

( (

7 5/25/95

INTEROFFICE MEMORANDUM

Date:

July 12, 1995

To:

Ed Gazzano

Human Resources Director

From:

Joel Hurwitz

Personnel Andrys

Through:

Yvette Stuart

Classification Manager

RE: 2235 EMSA SURVEY

As requested, attached are results of a survey of EMSA Medical Director positions in California with information specific to compensation, FTE, and MQ's.

If I can be of any further assistance, I can be reached at 206-5430. Please note that I will be on vacation until July 20, 1995.

JH/2235emsa.mem

# CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY,7/95

LOCATION	COMPENSATION AND FIE	MO's	COMMENTS
City And County Of S.F.	Class 2235 Med Dir. \$49.5750H60.2625	Bd. Cert. In Emergency Med.  5 years employment as a ER Physician.	Provides benefits
Alameda County Olivia Williams Personnel Director 510-268-2570	\$71.63H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	Two year contract for a total of \$149,000 for a .5 FTE Med. Dir., No benefits.
Contra Costa County Lauren Caldwell Asst. Dir. EMSA 510-646-4690	S60.00H/.5FTE	Bd. Cert. In Emergency Med. Substantial Exp. and employment as a ER Physician	Currently vacant  No benefits
Orange County Betty O'Rourke Dir.EMSA 714-568-4283	\$58.64H/.75FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	The actual compensation is \$106,000 per year for a .75 FTE Med. Dir., No benefits.
San Diego County Bruce Leicht Prin. Adm. Anal. EMSA 619-285-6430	\$82.69H/.5FTE	Bd. Cert. In Emergency Med. Employment as a ER Physician.	No benefits
San Mateo County Sue Farrin 573-2367			Per Sue Farrin-no comparable position.
L.A. County Sheryll Hailey 213-890-7545			Per Sheryll Hailey- no comparable position.
Marin County Katey Gaier 499-6104			Per Katey Gaier-no comparable position

CLASS 2235 MEDICAL DIRECTOR, EMERGENCY MEDICAL SERVICES AGENCY SURVEY, 7/95 (Continued)
Page #2

<u>LOCATION</u>	COMPENSATION AND FTE	MO's	COMMENTS
Sacramento County Randy Lee 916-366-2553			No responce to survey
Santa Clara County Jan Walter 408-885-5450			No responce to survey

ЛН/2235EMSA

### v and County of San Francisco



# Department of Human Resources

WENDELL L. PRYOR, HUMAN RESOURCES DIRECTOR

#### MEMORANDUM

Date:

November 3, 1995

To:

Harvey Rose

Board of Supervisors' Budget Analyst

From:

Wendell IL Proof X Human Resources Director

Subject:

Medical Director, EMSA Reclassification

"A" classes are temporary code numbers which are issued when preliminary information suggests that use of existing classes may not be warranted, yet the positions require additional classification review to determine the appropriate class. AB04 was issued at the request of the Department of Public Health, which indicated that recruitment difficulties and the unique nature of this critical position, including the highly specialized skills and certifications required, necessitate a higher level class. A final classification/compensation recommendation cannot be made by the Department of Human Resources until the information listed below is received from the Department of Health and analyzed by DHR staff:

- A completed job analysis questionnaire describing the duties and responsibilities
  of the position.
- A survey of total compensation for comparable positions in other organizations to include salary and benefit information.
- 3) An organizational chart of the Emergency Medical Services Agency delineating the reporting relationships and line responsibilities of this position.
- A classification analysis including documention of the level and concept of the position.
- A draft class specification.

dplinemo, wy

Post-It* Fax Note 7671	Oato 11/3/95 pages 1
To Harrien Rose	From (1) endell Grans
Co./Dept	O. DIAR
Phone 4	Phone 557-4944
Fax # 252-0461	Fax 6



Memo to Budget Committee November 29, 1995 Meeting of Budget Committee

Item 16 - File 170-95-12

Department:

Chief Administrative Officer (CAO)

Item:

Resolution declaring the intent of the City and County to reimburse certain expenditures from proceeds of future indebtedness and authorizing the Chief Administrative Officer to develop a plan of finance.

**Description:** 

On November 7, 1995, the San Francisco electorate approved a General Obligation bond measure of \$63,590,0000 to provide funds for making non-seismic improvements to City Hall, including (a) converting space formerly used for courtrooms to office space; (b) bringing existing office space up to code and preparing it for modern telephone and computer equipment; (c) installing fire sprinklers, a fire alarm system and an emergency power system; (d) providing required access for persons with disabilities; (e) making improvements to the electrical, telephone and data systems; (f) preserving historic features of the buildings; and (g) modifying other City Hall spaces, including space for a child care center. The CAO anticipates that bonds in a maximum aggregate principal amount of \$63,590,000 will be issued.

The CAO advises that Section 1.150-2 of the Treasury Regulations under the Internal Revenue Code of 1986 requires that the City declare its official intent to reimburse itself for any expenditures, if such expenditures are incurred before the bonds have been sold. (See Comments.) The proposed resolution would declare such intent by the City.

Additionally, the proposed resolution would authorize the CAO to develop a financing plan relating to the issuance and sale of the bonds and the financing of the acquisition, construction and/or reconstruction of the City Hall Non-Seismic Improvement Project. The proposed resolution would authorize the CAO to take any necessary actions in connection with the implementation of the financing plan, including, but not limited to, selecting and retaining one or more underwriters, a consulting engineer, a financial consultant, a trustee and additional financing team participants.

It should be noted that all requests for the issuance and sale of the subject bonds, as well as all future appropriations of these bond fund monies will be subject to separate appropriation approval by the Board of Supervisors.

Memo to Budget Committee November 29, 1995 Meeting of Budget Committee

This proposed resolution does not bind the City to make any expenditure, incur any indebtedness or proceed with the proposed Project with respect to the bond funds.

#### Comments:

- 1. A proposed supplemental appropriation (Item 13, File 101-95-28 of this report) would provide \$1,742,790 from the General Fund Reserve to conduct management, programming and design work on the Project from December 1995 to April 1996. The proposed supplemental appropriation ordinance states that it is the intent to fund the improvements from proceeds of the City Hall Improvement Bond, and authorizes the Controller to replenish the General Fund reserve using such bond proceeds when they become available.
- 2. As previously noted, approval of this proposed resolution would authorize the City to reimburse the General Fund Reserve from the pending bond fund proceeds.

**Recommendation:** Approve the proposed resolution.

Item 17 - File 170-95-10

Amount:

Description:

Note: This item was continued by the Budget Committee at its meeting of

November 15, 1995.

**Department:** Chief Administrative Officer (CAO)

Ordinance (a) providing for the approval and execution and delivery by officers of the City and County of San Francisco of an equipment lease Supplement No. 5 between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and the related Certificate of Approval and of a Continuing Disclosure Agreement between said lessor and said lessee; (b) providing for reimbursement to the City of certain City expenditures prior to the issuance of lease revenue bonds and approving the issuance of lease revenue bonds by said nonprofit corporation; (c) providing that said bonds shall be subject to the certification of the Controller prior to the sale of said bonds; (d) providing for the execution of documents in

Not to exceed \$7,065,000.

taken.

In June, 1990, San Francisco voters approved Proposition C, a Charter amendment which authorized the Board of Supervisors to authorize and approve the lease-financing of equipment purchases for the City through a non-profit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease revenue bonds.

connection therewith and (e) ratifying actions previously

Interest rates on lease revenue bonds issued by non-profit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations. According to the Controller, the other major financing instrument is third party vendors, that act as a bank and provide equipment to the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital. Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchases unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance Corporation than through the other financing instruments. In accordance with the proposed ordinance, the Controller has

certified that these interest rates are lower through the San Francisco Finance Corporation.

Pursuant to Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in 1990-91, with the limit increased by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in 1995-96 is \$25,525,080.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$41,004,707 in lease revenue bonds to finance the purchase of equipment, as follows:

Fiscal	Lease Revenue
<u>Year</u>	<u>Bonds</u>
1990-91	\$7,304,707
1991-92	Up To 10,000,000
1992-93	Up To 10,200,000
1993-94	Up to 7,000,000
1994-95	Up to 6,500,000
Total	Up To \$41,004,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$41,004,707 in 1990-91 through 1994-95 in Lease Purchase Revenue bonds to procure equipment on behalf of the City. According to the Chief Administrative Officer's Office, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of November 1, 1995 are as follows:

Series 1991A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1991A:	\$7,020,000 (6,345,000)	\$675,000
Series 1992A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$5,555,000 ( <u>2,720,000)</u>	2,835,000
Series 1993A Bonds Lease Purchase Revenue Bonds Issued Repayment to date Outstanding Indebtedness: Series 1992A:	\$10,200,000 ( <u>6,070,000)</u>	4,130,000

Series 1994A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,850,000	
Repayment to date	(1.700.000)	
Outstanding Indebtedness: Series 1994A		\$5,150,000
Series 1995A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,075,000	
Repayment to date	(405.000)	
Outstanding Indebtedness: Series 1995A		5,670,000
Total Current Outstanding Indebtedness		\$18,460,000
Total Allowable Indebtedness		25 525 080

Total Allowable Indebtedness Still Available

The current, unused balance of lease financing available in 1995-96 in accordance with the provisions of Proposition C is \$7,065,080 (Proposition C established a limit of \$25,525,080 in available indebtedness for 1995-96 less the current outstanding balance of \$18,460,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in 1995-96 in an amount not to exceed \$7,065,000, which is within the San Francisco Finance Corporation's current debt capacity under Proposition C of \$7,065,080.

\$7,065,080

The proposed ordinance would also authorize an Equipment Lease Supplement No. 5 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

According to Ms. Stephanie Carlisle of the Chief Administrative Officer's (CAO's) Office, the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Carlisle explains that various City General Fund departments have budgeted the annual lease payments within their FY 1995-96 General Fund departmental budgets. Ms. Carlisle reports that the amount of the annual lease payments for FY 1995-96 for all City departments is approximately \$2.5 million, and a total of \$6,187,262 for equipment would be paid over the three to five year term of the leases. All of the \$6,187,262 would be funded through General Fund departments. Ms. Carlisle reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City Departments will then make annual lease payments to the San Francisco Finance Corporation, who in turn will use

these funds to repay the lease revenue bond interest and redemption.

In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) ratifies actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and paid in full by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Finance Corporation, which in turn will use such funds to repay the bond funds.

#### Comments:

1. Attachment I shows equipment items with a total cost of \$6,187,262 that were included in the 1995-96 City budget and that would be funded by the proposed lease revenue bonds for 1995-96. The estimated budget for the proposed, (not to exceed) \$7,065,000 in lease revenue bonds for 1995-96 is as follows:

Equipment Costs	\$6,187,262
Required Reserve Fund (1)	706,500
Bond Issuance Costs	128,406
Capitalized Interest (2)	42,832

Total . \$7,065,000

- (1) Lease Revenue bonds have a legally required Reserve Fund equal to 10% of the principal amount of the bonds.
- (2) Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the equipment has been received by the City. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, accrued interest, estimated in the amount of \$42,832, must be paid from proceeds of the bonds until such time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.

- 2. Ms. Carlisle reports that the actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely, because the interest rate will depend on the financial market interest rate when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item. Ms. Carlisle estimates that the maximum annual debt service (amount of the City's repayment) which would be required in any single year before this Series 1996A bonds are retired would be approximately \$2,500,000.
- 3. Ms. Carlisle estimates that, if Series 1996A Lease Revenue Bonds are sold in a principal amount not to exceed \$7,065,000, at an estimated annual interest rate of five percent (based on current financial market interest rates) and based on the expected repayment periods of between three to five years, the City's total principal and interest costs would be \$7,788,936 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$7,065,000 in principal and \$723,936 in interest costs.
- 4. Although the proposed lease revenue bond proceeds are the intended source of funds for the purchase of equipment already approved in the City's 1995-96 budget, and although none of this equipment has yet been purchased, some of this equipment will be purchased prior to selling the lease revenue bonds. In such cases, the City would purchase the equipment with monies temporarily borrowed from other funding sources with the intent that under the reimbursement provisions of the proposed ordinance, the temporary sources of funds would be reimbursed when the lease revenue bonds are sold. Subsequent to this reimbursement, the equipment would be owned by the San Francisco Finance Corporation and the San Francisco Finance Corporation would lease the equipment to the City.
- 5. The City would take ownership of the proposed equipment upon repayment of all principal and interest costs to the San Francisco Finance Corporation in the form of lease payments, according to the repayment terms specified in the Equipment Lease Supplement No. 5, which the CAO would be authorized to execute under the proposed ordinance.
- 6. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Carlisle, as a result of a recent change in Federal law, all cities and counties which issue tax exempt debt are required to file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: 1) the financial statements of the San Francisco Finance Corporation and the

City; 2) the status of the project (e.g. equipment purchased and repayment amounts); 3) a summary of budgeted General Fund revenues and appropriations; 4) a summary of assessed valuation of taxable property and 5) a summary of outstanding and authorized but unissued tax supported debt.

- 7. The use of lease-financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks in" departmental expenditures for future years, resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the CAO's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the costs over several years.
- 8. As noted above, the Controller has certified that the interest costs to the City will be lower through the San Francisco Financing Corporation than through other financing instruments.
- 9. The Budget Analyst had previously questioned whether the Public Library, instead of relying on the City's limited lease financing funds, could use cash that the Library had available in an Emergency Reserve, Library Preservation Fund. As noted on Attachment I, \$2,219,084 of the proposed equipment lease purchases would be for the Public Library. This represents a reduction of \$500,006 less than the \$2,719,090 that was previously proposed for lease financing for the Public Library. The Mayor's Office reports that the Public Library is still planning on purchasing a total of \$4,932,460 of automated equipment for the New Main Library and the 26 Branch Libraries, as recently approved by the Board of Supervisors (File 101-95-26). However, the Public Library will use various funding sources, including \$500,006 more of its own Library Preservation Fund monies to pay cash for the equipment and thus free that sum of \$500,006 of the San Francisco Financing Corporation's funds for other City departments that do not have an alternative source of cash for purchasing equipment.
- 10. With the Public Library reducing their lease financing equipment needs by \$500,006, three additional projects were able to be added to the proposed list for immediate financing through the San Francisco Financing Corporation, as shown in Attachment I. These include: (1) 50 portable radios for the Police Department at a cost of \$124,400, (2) a spectrometer for the Water Pollution Control Department at a cost of \$103,000 and (3) a mail inserter for the Purchaser's

Reproduction/Mailroom at a cost of \$244,200, additional equipment costing a total of \$471,600.

11. The Budget Committee instructed the Mayor's Office, with the assistance of the CAO's Office, to further analyze all City departments which may or may not have sufficient cash to purchase equipment. According to Ms. Carlisle, the CAO's Office and the City Attorney 's Office are exploring the possibility of a master lease structure which would provide City departments with maximum flexibility and free up available funds under the San Francisco Finance Corporation for larger essential equipment which needs to be replaced on a scheduled basis.

In addition to the \$471,600 of the above-noted equipment that has now been added to this project, Ms. Carlisle of the CAO's Office has also prepared Attachment II, which lists the additional equipment needs of six General Funded City departments and the Water Department, which have been approved in the FY 1995-96 budget for funding by the Mayor and the Board of Supervisors, but which would not be able to be funded with the subject proposed issuance of lease revenue bonds. Ms. Carlisle reports that Attachment II has been broken down to reflect that approximately \$2.840,600 of San Francisco Finance Corporation funds would be available for issuance as of April 1, 1996. The remaining equipment needs currently estimated at \$3,876,600 could be bid to third party vendors, to be paid for with budgeted funds instead of using the San Francisco's Finance Corporation's lease revenue bond financing.

12. Ms. Carlisle reports that, based on her offices' inquiries. third party vendors are reporting current interest rates as low as 5.75 percent annually. In fact, Ms. Carlisle reports that at least one vendor has indicated that interest rates would be lower (approximately 5.45 percent today), if the City entered into an agreement to lease at least \$5 million of equipment. These third party interest rates are slightly higher than the San Francisco Finance Corporation's rates of approximately 4.75 percent currently. However, Ms. Carlisle notes that with the third party vendors, the City would save on the bond issuance costs, which include bond counsel and rating agency fees. Such costs are estimated at \$128,406 for the subject proposed lease revenue bond issuance. Therefore, the CAO's Office reports that they will continue to monitor the San Francisco Finance Corporation's interest rates versus third party vendor interest rates, regarding future proposals to finance equipment needs of the City.

Recommendation: Approve the proposed ordinance.

P. 001

City and County of San Francisco Lease Revenue Bonds Series 1996A Equipment

Department	Equipment	# Units	Total Cost	Lease Term
Sheriff	Computer Hardware / Inmate traking System	1	\$ 1,410,500.00	5
Sheriff	Radios	1	203,000.00	3
City Attorney	Local Area Network	1	289,570.00	3
Library	Data Telecommunications Network	1	716,590.00*	4
Library	Multimedia Workstation/Network	1	348,090.00*	3
Library	Childrens Electronic Discovery Center®	1	265,540.00 *	3
Library	Computer Network*	1	550,600.00 *	3
Library	ADA Workstations	1	85,851.00 *	3
Library	Catalog Terminals	1	193,400.00 *	3
Library	Library Training Center	1	59,013.00 *	3
Police	Marked Vehicles	42	1,299,900.00	3
Police Dept.	Portable Radios	50	124,400.00	3
Juvenile Probation	Vehicles	4	62,928.00	4
Juvenile Probation	Vehicles	1	20,290.00	4
Water Pollution Control	Spectrometer	1	103,000.00	4
Fire Department	Vehicles	10	210,390.00	4
Reproduction/Mailroom	Mail Inserter	1	244,200.00	3
Total			6,187,262.00	

<sup>\*</sup>Total Public Library proposed equipment is \$2,219,084.

2,840,600.00

3,876,600.00

ALLacinient

City and County of San Francisco Additional Equipment Approved for Lease Financing in 1995-96

Total

			Finance Corp	3rd Party	Lease
Department	Equipment	# Units	Total Cost	Total Cost	Term
Department of Parking and Traffic	3 Wheel Vehicles	15	262,500.00		3
Reproduction/Mailroom	Network Publisher	1	298,400.00		3
Police Dept.	Trail Motorcycles	7	67,900.00		3
Police Dept.	Patrol Wagons	2	72,000.00		3
Police Dept.	Unmarked Vehicles	40	926,000.00		3
Police Dept.	Automated Fingerprint equip	1		861,000.00	3
San Francisco General Hospital	Various Medical Equipment			2,000,600.00	4
Sheriff	Marked Vans	5	110,800.00		3
Water Dept.	Spectrometer	1	103,000.00		5
Fire Dept.	Pumpers	4	1,000,000.00		7
Fire Dept.	Aerials	2		940,000.00	7
Fire Dept.	One ton Truck	1		25,000.00	3
Fire Dept.	Valve Unit	1		50,000.00	3

### Item 18 - File 170-95-11

Department: Chief Administrative Officer (CAO)

Convention Facilities Development

Item: Resolution submitting to the qualified electors of the City

and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements for the acquisition and construction of additional convention center facilities and related equipment, fixtures and furnishings.

Amount: Not to exceed \$150 million.

**Description:**The proposed resolution would authorize a proposition to be submitted to the electorate in March, 1996 in order for the City to issue lease revenue bonds, in an amount not to exceed \$150 million, for the development of a new facility to provide additional meeting and exhibit space to supplement the

Moscone Center. The proposed new facility would add 300,000 square feet for such meeting and exhibit space.

Project Background

The Moscone Center was expanded in 1991 and 1992 by 300,000 square feet for additional exhibition and meeting space. According to Mr. Jack Moerschbaecher, Convention Facilities Director, the existing space at the Moscone Center is heavily booked, and is anticipated to remain so until the Year 2000. San Francisco competes for conventions rotating to the West Coast. In terms of the significant North American markets, San Francisco is anticipated to drop from the 19th largest to 24th place in exhibit space by the Year 2000, according to Mr. Moerschbaecher.

Mr. Moerschbaecher reports that an estimated additional 300,000 square feet of meeting space could generate significant revenues, increase retail spending, and would benefit businesses in the "visitor industry". (See Attachment 1 provided by Mr. Moerschbaecher for the details of the estimated economic benefits).

A design proposal developed by the CAO's Office includes two alternatives for the proposed new convention facilities site, a North of Market option and a South of Market option. No specific site was selected for the North of Market option, while the South of Market option assumed a surface parking lot on Howard Street between 4th and 5th Street, immediately south of the Mission garage.

At either site, a new three-level facility is planned, including 160,000 square feet of exhibition space, and a 75,000 square feet meeting room and ballroom space, and 65,000 of non-usable space (consisting of hallways and stairways), for a total of 300,000 square feet. With the existing facility at the Moscone Center consisting of 600,000 square feet, there would be a total of 900,000 square feet upon completion of the new facility.

The CAO's Office is recommending a South of Market site because a) it provides a slightly higher economic benefit to the City because larger groups could be accommodated given the close proximity of the site to the current Moscone Center, and b) the site would be less expensive to acquire. The North of Market alternative could require replacement housing units, and, although no specific block was designated, concerns were expressed by neighborhood groups over the impact of traffic from large trucks which would service the facility. Attachment #2 from the Convention Facilities Director further explains these benefits and concerns.

Project Capital Cost Estimates and Financial Plan
The estimated capital cost to develop and finance the North
of Market site is \$268 million, and the South of Market site is
estimated at \$208 million. These estimates include relocation
costs (of existing businesses), construction, construction
management, architectural/engineering/design costs,
furniture, fixtures, equipment and a contingency for
unanticipated costs during construction. All amounts are
stated in 1995 dollars. The following financing plan was
developed by the CAO's Office for the recommended South of
Market site (See Attachment 3):

Financing Sources City Contribution (Convention Facilities Fund surplus and new		
Hotel Tax funds - See Comment #1) Bond Proceeds (subject of the	\$65,425,000	
proposed resolution)	142,125,000	
Total Financing Sources		\$207,550,000
Financing Uses		
Construction (includes acquisition and		
site preparation)	\$123,338,000	
Architectural & Engineering	10,664,000	
Construction Management	5,332,000	
Furniture, Fixtures & Equipment	4,760,000	
Contingency	_13,331,000	
Subtotal	\$157,425,000	
Capitalized Interest	\$31,978,000	
Debt Service Reserve Fund	14,212,000	
Other Financing Costs (e.g. bond		
issuance costs)	_3.935.000	
Subtotal	\$50,125,000	

If this ballot measure is approved by the voters, the CAO will submit an ordinance to the Board of Supervisors to increase the Hotel Tax Surcharge by 2 percent (raising the current Hotel Tax rate of 12 percent to a total of 14 percent) to fund a portion of the \$65.4 million City Contribution shown above and funds required to repay the debt resulting from the issuance of up to \$150 million in lease revenue bonds. This financing arrangement would be similar to the funding mechanism used for the last Moscone Center expansion.

\$207,550,000

**Total Financing Uses** 

Construction on the project is anticipated to be completed by the end of FY 1999-2000, during which time the City would only be responsible for the repayment of interest on the project. Beginning in FY 2000-2001, after the new facility becomes operational, repayments on the debt service would begin over a 16-year period through FY 2015-2016. The following table details the sources and uses of funds for the capital project costs of \$157,425,000 (excluding the capitalized interest, debt service reserve fund and other financing costs totaling \$50,125,000):

### Project Expenditures by Source of Funds

	City <u>Contribution</u>	Lease Revenue <u>Bonds</u>	<u>Total</u>
FY 1995-96	\$ 6,133,000	\$ 0	\$ 6,133,000
FY 1996-97	6,015,000	0	6,015,000
FY 1997-98	32,716,000	17,774,000	50,490,000
FY 1998-99	2,800,000	35,548,000	38,348,000
FY 1999-2000	<u>17,761,000</u>	38,678,000	_56,439,000
Total	\$ 65,425,000	\$ 92,000,000	\$ 157,425,000*

<sup>\*</sup>Does not include capitalized interest, the debt service reserve fund and other financing costs such as bond issuance costs, totaling \$50,125,000.

The CAO's Office has assumed a 7.5 percent interest rate for the repayment of the lease revenue bonds. A 7.5 percent interest rate would result in total payments of \$285,473,438, consisting of \$142,125,000 in principal and \$143,348,438 in interest. The interest expense of \$143.3 million includes interest on the debt during construction (capitalized interest in the amount of approximately \$32 million). The repayment of the principal on the debt would occur during the period FY 2000-2001 through FY 2015-2016, a 16-year period (see Attachment 5).

Project Annual Operating Revenues and Expenses
The estimated annual net operating income or (deficit) for
the South of Market and North of Market sites in 1995
dollars is as follows:

	South of <u>Market</u>	North of <u>Market</u>
Annual Operating Revenues Annual Operating Expenses	\$1.6 million 4.7 million	\$1.8 million 5.2 million
Net Annual Operating Deficit (\$	3.1 million)	(\$3.4 million)

According to Mr. Moerschbaecher, the annual operating deficit, along with debt repayment, would also be funded through a proposed increase in the Hotel Tax as described above. The estimated annual operating deficit is projected to continue for each year that the facility operates.

The difference in the operating costs are a result of a higher utilization that is anticipated at the North of Market site. Operating efficiencies of \$200,000 are also anticipated at the South of Market site due to the proposed closer proximity to Moscone Center. In addition, truck transportation for servicing trade shows is anticipated to be more costly at a North of Market site. The net operating deficit for both options, according to the CAO's Office, is comparable to the current operating deficit at the Moscone Center. (See Attachment #4 for detailed operating cost/revenue estimates for the Moscone Center and for the proposed new facility provided by the Convention Facilities Department).

### Other Economic Benefits

An economic analysis funded in the 1994-95 Convention Facilities departmental budget in the amount of \$100,000 was conducted by a joint venture of Economic Research Associates (ERA), Public Affairs Management and Iyer and Associates. The consultants' findings regarding expanding convention facilities in San Francisco are as follows (These specific revenues to San Francisco are detailed in Attachment #1 and are summarized below):

- 1,650 to 2,000 jobs and \$35 million to \$45 million in income would be added to the City.
- Moscone-based meeting groups currently bring in between 750,000 and 800,000 nights of hotel room occupancy. Additional meeting and exhibit facilities are anticipated to increase by 180,000 to 250,000 room nights.
- Hotel room revenue would increase by \$20 to \$30 million annually.
- Spending in San Francisco restaurants would increase by \$20 to \$35 million per year.
- Spending in San Francisco shops and other retail establishments would increase by \$25 to \$30 million annually.

#### Comments:

1. As noted in the financing plan (see Attachment 3) prepared by the CAO's Office, total capital project costs of \$207,550,000 would be funded through \$65,425,000 from a City contribution and \$142,125,000 from the proposed lease revenue bonds. The source of funds for the City contribution of \$65,425,000 would be the following sources:

Surplus Hotel Tax Revenues Retained in the Convention Facilities Fund \$20,000,000 Anticipated 2 percent increase in Hotel Tax Rate - Revenues earned prior to commencement of debt repayment 45,425,000

### **Total City Contribution**

\$65,425,000

Following the completion of construction, the increased Hotel Tax revenues would be applied to annual debt service payments to retire the lease revenue bonds and also used to fund the estimated annual operating deficit of approximately \$3.1 million annually.

2. Mr. Moerschbaecher explains that the \$20 million in surplus revenues are presently available in the Convention Facilities Fund because 1) the Moscone expansion projects in 1991 and 1992 were completed on time and under budget, and 2) actual revenues exceeded budgeted revenues for the past two fiscal years, and therefore, an accumulated fund balance has resulted.

A supplemental appropriation request is currently pending in the Mayor's Office which would appropriate the \$20,000,000 in surplus Hotel Tax revenues to begin the EIR process and planning and design work for the proposed new facility project.

3. According to Mr. Moerschbaecher, it is anticipated that \$45,425,000 in City contribution funds for capital project costs and future debt service payments would come from a 2 percent increase in the Transient Occupancy Tax (Hotel Tax) rate from 12 percent to 14 percent. Mr. Moerschbaecher reports that the proposed two percent increase in the Hotel Tax would initially generate an estimated \$16,000,000 annually beginning in FY 1996-97.

A total estimated \$64,000,000 would be generated by the anticipated increase in the Hotel Tax Rate from 12 percent to 14 percent over the four year period of 1996-97 through FY 1999-2000. \$45,425,000 out of the available \$64,000,000 in revenues would be used to pay for capital costs on the proposed new facility. Therefore, \$18,575,000 (\$64,000,000 less \$45,425,000 required for the proposed project) in surplus Hotel Tax revenues would be available. According to Mr. Moerschbaecher, the estimated \$18,575,000 in surplus Hotel Tax revenues would be used to retire debt service at an accelerated rate beginning in FY 2000-2001, or used for further expansion projects, such as the development of a

North of Market site. Attachment 5 provided by the CAO's Office details the projected cash flow for the proposed capital project, and Attachment 5 shows the debt service schedule for the repayment of the lease revenue bonds.

- 4. The City would be responsible for paying interest only during project construction, totaling \$31,978,000 (capitalized interest). Commencing in FY 2000-2001, after the construction is completed on the facility, the City would begin repayment on the principal of \$142,125,000 in lease revenue bonds through FY 2015-2016 (a 16-year period). The remaining total debt service requirements, excluding the interest costs paid during construction, are estimated at \$253,495,438 (assuming a 7.5 percent interest rate). The annual debt service repayments on the principal would initially be approximately \$13 million, and would increase by three percent per year, with an average debt service payment of \$15,843,465 (over a 16-year period). These annual debt service payments would be funded through the annual Convention Facilities budget, consisting of any available surplus fund balances, plus annual Hotel Tax revenues received.
- 5. According to Ms. Laura Wagner-Lockwood of the CAO's Office, the operating deficit of \$3.1 million would also be funded through the Convention Facilities budget. Ms. Wagner-Lockwood of the CAO's Office reports that Hotel Tax revenues are anticipated to grow by approximately four percent per year beginning in FY 2000-2001, and therefore, it is anticipated that sufficient cash would be available for the debt repayment, as well as the annual operating deficit.
- 6. Any increase in the Hotel Tax is would be subject to separate legislative approval by the Board of Supervisors.
- 7. Ms. Wagner-Lockwood reports that representatives from the CAO's Office will attend the November 29, 1995 Budget Committee meeting to discuss the City's current debt capacity and the list of outstanding capital projects which will have to compete against this debt limit. Attachment 6 shows the projected bond issuance for authorized projects, as well as the impact upon San Francisco's debt capacity.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

#### **APPENDIX**

## ECONOMIC ANALYSIS OF ALTERNATIVES FOR DEVELOPMENT OF ADDITIONAL MEETING AND EXHIBIT SPACE IN SAN FRANCISCO

#### INTRODUCTION

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In February of 1995 the Chief Administrative Officer (CAO) of the City of San Francisco retained EPI, a Joint Venture, to investigate the feasibility of developing additional meeting and exhibit space in the City. EPI is a team of three San Francisco consulting firms composed of Economics Research Associates (ERA), Public Affairs Management, and Iyer and Associates. This 1995 study by EPI builds upon the previous EPI work for the CAO completed in September of 1994 titled: "San Francisco Needs Assessment for Additional Meeting and/or Exhibit Space". The 1994 study found that in spite of San Francisco's inability to provide the type of contiguous expansion of the Moscone Center preferred by meeting executives in the North American marketplace, San Francisco could still reasonably expect to retain and attract a few (but by no means all) large meeting groups with development of new facilities. In addition, the 1994 Needs Assessment found substantial interest in coming to San Francisco among smaller user groups that could be accommodated on a free standing basis within a new facility. The purpose of the 1995 study has been to investigate the market segment composed of free standing user groups in more detail, and to compare the positive benefits of attracting new meeting business with the costs of producing new facilities in San Francisco.

#### ECONOMIC BENEFITS OF ADDITIONAL MEETING AND EXHIBIT SPACE

The Moscone Center was expanded in 1991 and 1992 from approximately 300,000 square feet to approximately 600,000 square feet of space which can be turned over to user groups. The convention and trade show business accommodated in the Moscone Center forms an important part of the base for the San Francisco economy.

- Moscone-based spending by significant meeting groups and their delegates today pumps around \$380 million directly into the San Francisco economy.
- Along with the multiplier effects of this economic stimulus, the Moscone-based meeting business creates about 6,200 jobs in the City.
- The earnings for San Francisco workers associated with this job creation exceed \$130 million per year.
- The Moscone-based meeting business has a total multiplied impact on the San Francisco economy of over \$600 million per year today.

Page 2.0f 2...

Economic development is the primary motivation for any further construction of meeting and exhibit space in the City. This study has found that a new facility offering approximately 235,000 square feet in addition to the Moscone Center inventory of today could generate significant additional economic benefits:

- 1,650 to 2,000 jobs would be added to the City.
- This job creation corresponds to another \$35 to \$45 million in incomes for San Francisco workers.
- Total expansion of the San Francisco economy will be on the order of \$150 to \$200
  million per year.

Impacts are most dramatic in visitor serving sectors of the economy which are the most directly affected by delegate spending.

- Moscone-based meeting groups currently bring between 750,000 and 800,000 nights
  of hotel room occupancy to San Francisco. With additional meeting and exhibit facilities,
  total roomnights from convention business would increase by another 180,000 to 250,000.
- Hotel room revenues in the City would increase by \$20 to \$30 million per year.
- Direct spending in San Francisco restaurants would increase by \$20 to \$35 million per year.
- Spending in San Francisco shops and other retail establishments would increase by \$25 to \$30 million per year.

Other San Francisco business directly benefiting from additional meeting groups would include the companies and labor unions which set up and transport exhibits in convention and trade shows; taxis, auto rentals and other transportation services; entertainment providers; other amusement and recreation concerns; and a wide variety of other businesses constituting the "visitor industry". Through indirect and induced "multiplier" mechanisms, the benefits of economic expansion will ripple throughout other sectors of the San Francisco economy.

#### EXISTING CONDITIONS ASSESSMENT

Moscone Center presently consists of ten 'areas', combinations of which may function independently of each other. From the beginning, Moscone Center has had high overall usage, with 60 to 70 percent occupancy. On a practical basis, no multi-tenant convention center can ever achieve a 100 per cent occupancy level. The practical limit for occupancy for a major convention center with six or more flexible spaces is 70 percent.

The user groups include clients hosting conventions with or without tradeshows, consumer shows and other events. Conventions and convention/tradeshows continue to dominate the usage of Moscone Center. It is important to note that booking policies in San Francisco give higher preference for space in Moscone to groups which use a significant number of hotel sleeping rooms. For this reason national and state/regional events make up the majority of user groups. Potential roomnight projections through 1997 range from 600,000 to 700,000 annually. Moscone Center is currently heavily booked and will continue to be so through the year 2000.

San Francisco competes for conventions rotating to the West Coast. Of the eleven primary competitive and comparable centers, Moscone Center is the eighth largest center in terms of exhibition space. Seven of the eleven comparable facilities are either under construction or have plans for extensive expansions. Assuming that all the expansions occur, the Moscone Center will be the smallest space. In terms of the significant North American markets, San Francisco will drop from the 19th largest to 24th place in exhibit space by the year 2000.

During interviews with repeat clients, it was determined that while additional facilities contiguous to the existing Moscone Center would be the preferred alternative, user groups would be interested in utilizing space in a noncontiguous facility in either a North of Market location in the vicinity of an existing hotel block, or in a South of Market location within half-block of Moscone Center. Groups could use the new facility on a free standing basis at both locations. At the South of Market location, larger user groups may see the new facility as meeting space to complement exhibition space rented at the existing Moscone Center.

Conceptual designs for meeting and exhibit space were prepared during the EPI study by team architect Iyer and Associates. The North of Market alternative would require redevelopment of an entire city block. No specific block was identified for the North of Market alternative. Neighborhood groups from the North of Market area found the proposed meeting and exhibit facilities to be out of scale with their plans for neighborhood development. Concerns were expressed at the potential loss of existing housing units and reference was made to state redevelopment law requiring one for one replacement of any housing units loss due to the project. Concerns were also expressed about the impact of traffic from large trucks going through the neighborhood to service the facility. However, a mixed use project with retail commercial spaces at street level could have a positive effect on the North of Market neighborhood.

#### Project Cost Estimate

The estimated cost to develop and finance the North of Market option is \$268 million and the South of Market option development costs are estimated at \$208 million. These estimates include relocation costs, construction and construction management, A&E design, utility connection assessments, furniture, fixtures and equipment and contingency for unanticipated costs during construction. All figures are in 1995 dollars. Following is a summary of the estimated cost for the recommended South of Market option.

# Convention Center Expansion Financing (000)

### OURCES

City Contribution	\$ 65,405
Bond Proceeds	142.145
Total	\$207,550

#### SES

### Project Costs:

Construction, site preparation	
. and acquisition	\$123,338
Architects & Engineers	10,664
Construction Management	5,332
Furniture, Fixtures & Equipment	4,760
Contingency	13,331
Subtotal Project Costs	\$157,425

#### Financing Costs:

Capitalized Interest	\$ 31,978
Debt Service Reserve Fund	14,212
Other Financing Costs	3.935
Subtotal Financing Costs	\$ 50,125
Total	\$207,550

MAY 11, 1995

# SAN FRANCISCO CONVENTION FACILITIES SUMMARY OF EXPENSES - MOSCONE EXPANSION

	4000000	PRO-FORM	* (ANNUAL)
	1995/96 BUDGET MOSCONE	SO. OF MARKET	NO. OF MARKET
PERSONNEL-P.2 MAINTENANCE-P.5	6,730,163 977,500	2,509,295 458,750	2,922,295 488,750
SUPPLIES - P.6 OVERHEAD - P. 8 PROMOTION - P. 9	333,500 428,250 111,500	166,750 85,900 55,000	166,750 110,200 118,000
OTHER OPERATING - P. 10 UTILITIESP. 11 INSURANCE - P. 12 MANAGEMENT FEE	282,000 2,635,330 545,000 270.000	47,000 900,000 205,500	137,000 990,000 221,500
THE NO CONSTITUENT & I RADO		4,649,196	5,154,495
BUDGETED REVENUES**	\$9,300,000	\$1,600,000	\$1,800,000
OPERATING INCOME (DEFICIT)	(\$3,013,243)	(\$3,049,196)	(\$3,354,495)

<sup>\*</sup> BASED ON 1995/96 DOLLARS AND STABILIZED OPERATIONS.

<sup>\*\*</sup> RENTAL INCOME AND FOOD CONCESSIONS.

Convention Center Expansion Financing - South of Market Option Cash Balances (in thousands)

Ī	Cash Bal	2% Hotel Tax	Funds	Cash	Bonds	Draws	Cash Bal
	20,000			615		615	19,385
	19,385			. 5,518		5,518	13,867
	13,867	4,000		2,087		2,087	15,781
	15,781	4,000		1,310		1,310	18,47]
	18,471	4,000		1,310		1,310	21,162
	21,162	4,000		1,310		1,310	23,852
	23,852	4,000		1,310		1,310	26,543
	26,543	4,000	92,000	1,310		1,310	121,233
	121,233	4,000		27,400	8,887	36,287	88,946
	88,946	4,000		2,700	8,887	11,587	81,360
	81,360	4,000		700	8,887	9,587	75,773
	75,773	4,000		700	8,887	9,587	70,187
	70,187	4,000		700	8,887	9,587	64,600
	64,600	4,000		200	8,887	9,587	59,013
	59,013	4,000		1,890	8,887	10,777	52,237
1999	52,237	4,000		1,890	8,887	1,890	45,460
	45,460	. 4,000		8,556	. 8,887	17,443	32,018
	32,018	4,000		5,426	12,017	17,443	18,575

157,425

92,000

65,425

Convention Center Expansion Financing - South of Market Option Contract Balance

	Begin	Revenue from	Bond	Encumberance	Епситрегансе	Total	Ending
Year	Cash Bal	2% Hotel Tax	Funds	from Cash	from Bond Funds	Encumberances	Cash Bal
1996	20,000			615		919	19,385
1996	19,385			12,375		12,375	7,010
1996	7,010	4,000		1,777		1,777	9,233
1996	9,233	4,000		•		•	13,233
1997	13,233	4,000		•		•	17,233
1997	17,233	4,000		•		•	21,233
1997	21,233	4,000				•	25,233
1997	25,233	4,000	92,000			•	121,233
1998	121,233	4,000		32,566	92,000	124,566	199
1998	199	4,000		•		•	4,667
1998	4,667	4,000				•	8,667
1998	8,667	4,000		•		•	12,667
1999	12,667	4,000					16,667
1999	16,667	4,000		•		•	20,667
1999	20,667	4,000		18,092		18,092	6,575
1999	6,575	4,000		•			10,575
2000	10,575	4,000		•		•	14,575
2000	14,575	4,000		•		•	18.575

06-Oct-95 4:57 pm Prepared by SF Public Finance Division

(Finance 2.300 KEV:SFO-CONVCTR1) Page 2

#### BOND DEBT SERVICE

City and County of San Francisco New Conv Center - South of Market

Period	p-iii	C		Orbo Comilian	Annual Debt Service
Ending	Principal	Coupon	Interest	Ocbt Service	nent selvice
Oct 1, 1997	-				-
Apr 1, 1998	-	-	5,329,687.50	5,329,687.50	5,329,687.50
Oct 1, 1998	-	•	5,329,687.50	5.329.687.507	-
upr 1, 1999			5,329,687.50	5,329,687.50	10,659,375.06
Oct 1, 1999	•	•	5,329,687.50	5,329,687,50^	
Apr 1, 2000	-	-	5,329,687.50	5,329,687.50	10,659,375.00
Oct 1, 2000		•	5,329,687.50	5,329,687.50 <sup>×</sup>	-
Apr 1, 2001	2,340,000.00	7.500%	5,329,687,50	7,669,687.50	12,999,375.00
Oct 1, 2001	•	-	5,241,937.50	5,241,937.50	•
Apr 1, 2002	2,905,000.00	7.500%	5,241,937.50	8,146,937.50	13,388,875.00
Oct 1, 2002	•		5,133,000.00	5,133,000.00	•
Apr 1, 2003	3,525,000.00	7.500%	5,133,000.00	8,658,000.00	13,791,000.00
Oct 1, 2003	•	-	5,000,812.50	5,000,812.50	•
Apr 1, 2004	4,200,000.00	7.500%	5,000,812.50	9,200,812.50	14,201,625.00
Oct 1, 2004		-	4,843,312,50	4,843,312.50	
Apr 1, 2005	4,940,000.00	7.500%	4,843,312.50	9,783,312.50	14,626,625.00
Oct 1, 2005		-	4,658,062.50	4,658,062.50	-
Apr 1, 2006	5,750,000.00	7.500%	4,658,062.50	10,408,062.50	15,066,125.00
Oct 1, 2006	-	-	4,442,437.50	4,442,437.50	
Apr 1, 2007	6,635,000.00	7.500%	4,442,437.50	11,077,437.50	15,519,875.00
Oct 1, 2007			4,193,625.00	4,193,625.00	-
Apr 1, 2008	7,600,000.00	7.500%	4,193,625.00	11,793,625.00	15,987,250.0
Oct 1, 2008		-	3,908.625.00	3,908,625.00	-
Apr 1, 2009	8,650,000.00	7.500%	3,908,625.00	12,558,625.00	16,467,250.00
Oct 1, 2009	•	-	3,584,250.00	3,584,250.00	-
Apr 1, 2010	9,790,000.00	7.500%	3,584,250.00	13,374,250.00	16,958,500.00
Oct 1, 2010	-	-	3,217,125.00	3,217,125.00	•
Apr 1, 2011	11,035,000.00	7.500%	3,217,125.00	14,252,125.00	17,469,250.00
Oct 1, 2011	•		2,803,312.50	2,803,312.50	-
Apr 1, 2012	12,385,000.00	7.500%	2,803,312.50	15,188,312.50	17,991,625.00
Oct 1, 2012	-	•	2,338,875.00	2,338,875.00	
Apr 1, 2013	13,855,000.00	7.500%	2,338,875.00	16,193,875.00	18,532,750.00
Oct 1, 2013	•	-	1,819,312.50	1,819,312.50	
Apr 1, 2014	15,450,000.00	7.500%	1,819,312.50	17,269,312.50	19,088,625.0
Oct 1, 2014	-	-	1,239,937,50	1,239,937.50	-
Apr 1, 2015	17,180,000.00	7.500%	1,239,937.50	18,419,937.50	19,659,875.0
Oct 1, 2015			595,687.50	595,687.50	
Apr 1, 2016	15,885,000.00	7.500%	595,687.50	16,480,687.50	17,076,375.00
	142,125,000.00		143,348,437.50	285,473,437.50	285,473,437.50

<sup>\*</sup> Interest payments during construction total \$31,978,000 and the remaining debt service payments \$253,495,438.

City and County of San Francisco
Projected Issuance of Authorized Bond Issues
As of November 15, 1995
(in millions)

General Obligation Bonds

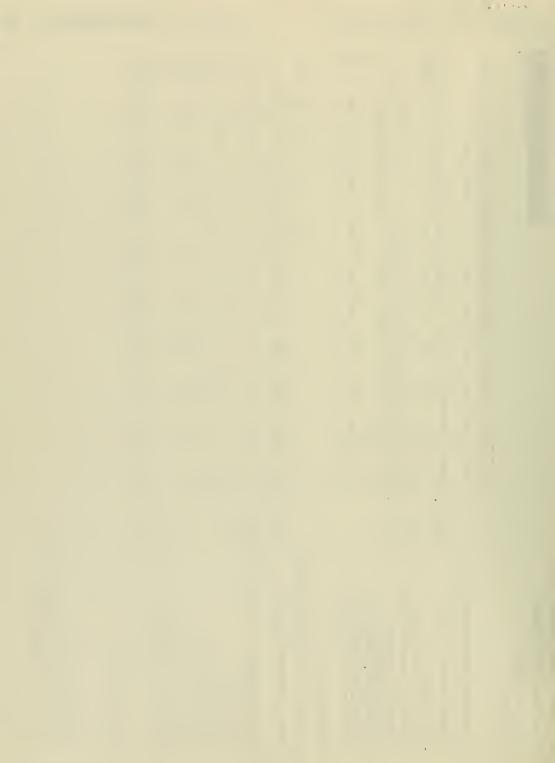
General Ubligation Bonas	FY FY FY FY 1996 1997	Public Safety Improvements (ESP I)         1.6           Public Safety Improvements (ESP II)         18.4           Golden Gate Park Improvements         26.0           Seismic Safety Loan Program         14.3           Fire Station Improvements         14.3           Public School Improvements         25.0           City Hall Improvements         25.0           Ansain Art Museum         63.6           Augustin Improvements         3.0	tion Bonds 120.0 1.	Other Tax-Supported Debt Issues  Mexican Museum - Hotel Tax Bonds  Convention Center Expansion  S.F. Finance Corp - Equipment Bonds  S.F. Finance Corp - 800 Mgrz System  20.0 20.0	Subtotal - Other Tax-Supported Debt 30.0 48.0	150.0 162.6
	FY FY 1999	15.0 15.0 15.0 25.0 14.3 26.2	-	150.0 6.0 6.0 6.0 36.5 20.0	212.5 6.0	313.7 70.3
	FY 2000	12.2 35.0	47.2	6.0	6.0	53.2
	FY 2001	35.0	35.0	0.9	6.0	41.0
	FY 2002	35.0	35.0	6.0	6.0	41.0
	FY 2003	35.0	35.0	6,0	6.0	41.0
	FY F 2004	35.0	35.0	6.0	0'9	41.0
	FY 2005 TO	35.0	35.0	6.0	6.0	41.0
	TOTAL	7.6 18.4 68.2 315.0 14.3 64.3 41.7 63.6	622.3	8.5 150.0 64.0 50.0 60.0	332.5	954.8

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As of November 15, 1995											
(in minous)	FY 96	FY 97	FY 98	FY 99	FY 2000	FY 2031	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
1 Outstanding Tax-Supported Debt at Beginning of FY	1,114.9	1,209.9	1,314.8	1,553.4	1,553.4 1,546.6 1,522.8 1,483.2	1,522.8	1,483.2	1,438.2	1,397.6	1,351.5	
2 Issuance of Bonds Authorized to Date (1)	150.0	162.6	313.7	70.3	53.2	41.0	41.0	41.0	41.0	41.0	924.8
3 Retirement of Debt	(55.0)	(57.7)	(75.2)	(77.0)	(77.0)	(80.6)	(86.0)	(81.6)	(87.1)	(8.68)	(167.0)
4 Outstanding Tax-Supported Debt at End of FY	1,209.9	1,314.8	1,553.4	1,546.6	1,522.8	1,483.2	1,438.2	9.795,1	1,351.5	1,302 7	
5 Estimated, Not Assessed Value at Growth Rate of 3% Annually	53,099.6	54,692.6	56,333.4	58,023.4	59,764.1	61,557.0	63,403.7	65,305.8	67,265.0	69,282.9	
6 Tax-Supported Debt as % of Net Assessed Value	2.28%	2.40%	2.76%	2.67%	2.55%	2.41%	2.27%	2.14%	2.01%	1.88%	
Remaining Debt Capacity											
7 Additional Debt Capacity at Maximum Prudent Debt Limit							\$5.0	85.0	0.06	0.001	3600
8 Tax-Supported Debt as % of Net Assersed Value O	2.28%	2,40%	2.76%	2.67%	2.55%	2.41%	2.40%	2.40%	2.40%	2.40%	
* Assumes approval of Convention Center expansion bonds in March 1996											



Memo to Budget Committee November 29, 1995

Item 19 - File 291-95-2

Department:

San Francisco Redevelopment Agency (SFRA)

Item:

Resolution approving an amendment to the budget of the San Francisco Redevelopment Agency for Fiscal Year 1995-96, to increase expenditures in the Mid-Market Survey Area for survey activities by \$225,000; the issuance of Tax Allocation Bonds in an amount not to exceed \$265,000; and an appropriation of \$17,225 for Fiscal Year 1995-96 to support the Tax Allocation Bonds. <sup>1</sup>

Description:

SFRA officials have advised the Budget Analyst that the SFRA will submit an Amendment of the Whole for the November 29, 1995 Budget Committee Meeting, which (1) deletes all references to the appropriation of \$17,225, (2) reduces the amount of the issuance of Tax Allocation Bonds from \$265,000 to \$257,200, and (3) reduces the increase in the SFRA's annual Statement of Indebtedness from \$26,500 to \$22,065. The following report reflects the Amendment of the Whole. The amended proposed resolution would (1) approve an amendment to the FY 1995-96 SFRA budget to increase expenditures by \$225,000 for the development of the Mid-Market Survey Area Preliminary Redevelopment Plan. (2) issue up to \$257,200 of Tax Allocation Bonds, and (3) authorize the SFRA to increase its annual Statement of Indebtedness by \$22,065, beginning in FY 1995-96 through FY 2020-21 (25 years) until such time as the Tax Allocation Bonds are repaid.

On November 16, 1995, the Housing and Land Use Committee approved a resolution which designated the Mid-Market area as a survey area (File 291-95-1). This legislation is now pending before the full Board of Supervisors meeting on December 4, 1995. Approval of the survey area designation by the Board of Supervisors is a required first step in evaluating the redevelopment potential of the area. The second step in analyzing a survey area for its redevelopment potential is the development of a Preliminary Redevelopment Plan. A Preliminary Redevelopment Plan incorporates the City's vision for the area, the zoning and use of the land, and the economic development necessary for a redevelopment plan to be realized.

<sup>&</sup>lt;sup>1</sup> Mr. Robert Gamble of the SFRA advises that Tax "Allocation" Bond is another term for Tax "Increment" Bond.

The proposed resolution would approve the issuance of \$257,200 of Tax Allocation Bonds in FY 1995-96 to fund an amount of \$225,000 for the development of the Mid-Market Survey Area Preliminary Redevelopment Plan.

Mr. Gamble advises that the \$32,200 difference between the allocation of \$225,000 to the SFRA for the Preliminary Redevelopment Plan, and the issuance of \$257,200 of Tax Allocation Bonds is due to (a) a required Reserve Fund which is equal to approximately 12 percent of the \$225,000 cost of the Preliminary Redevelopment Plan (\$27,000), and (b) expenses associated with the issuance of Tax Allocation Bonds, including Underwriters, Bond Council, and printing costs (\$5,200). Total issuance costs, including the Reserve Fund and other expenses, are \$32,200, or approximately 14 percent of the \$225,000 Preliminary Redevelopment Plan cost.

**Bond Funding** 

The \$257,200 project budget for the Mid-Market Survey Area Preliminary Redevelopment Plan would be funded from the sale of Tax Allocation Bonds that would be repaid from Tax Increment funds. The total cost of repaying the debt used to fund the \$257,200 is estimated to be approximately \$551,625, assuming an average interest rate of 7 percent per year, or an annual payment of \$22,065 for 25 years. The bonds would be repaid over the 25 year period beginning FY 1995-96 through FY 2020-21.

**General Fund Impact** 

The repayment of the Tax Allocation Bonds, which would be issued to fund the Mid-Market Preliminary Redevelopment Plan, would create a long-term financial obligation for the Tax Increment dollars which are committed to financing Redevelopment Projects (which are intended to increase property tax revenues in a project area as a byproduct of the Redevelopment activities) reduce property tax revenues that would otherwise be available to the City. The impact on the City's General Fund of additional Tax Increment expenditures is to reduce Property Tax revenue that would otherwise be available by an amount equal to approximately 65 percent of the Tax Increment expenditure. Over the 25 year financing period for the proposed Tax Allocation Bonds, the loss to the General Fund would therefore equal approximately \$358,556 (65 percent of \$551,625). The remaining 35 percent (\$193,069) would otherwise accrue to the Bay Area Rapid Transit (BART), the Bay Area Quality Management District, the Open Space

Fund, and special City funds, such as the Library Fund and the Children's Fund.

#### Comment:

Once the Preliminary Redevelopment Plan is completed, a final Redevelopment Plan, and an Environmental Impact Report (EIR) must be developed for the project. Mr. Gamble reports that the preparation of the Mid-Market Survey Area Preliminary Redevelopment Plan, the Final Redevelopment Plan and the EIR is estimated to cost approximately \$625,000 in total, including \$225,000 for the Preliminary Redevelopment Plan, which would be authorized if this resolution is approved, and approximately \$400,000 for the development of the final Redevelopment Plan and the Environmental Impact Report. Mr. Gamble advises that the amount of \$400,000 for the final Redevelopment Plan and the EIR is expected to be funded from the proceeds of the future issuance of additional Tax Allocation Bonds in FY 1996-97.

#### Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakey



90.07 Memo to Budget Committee

(November 29, 1995)

Public Library, Documents Dept.

Attn: Kate Wingerson Item 12 - File 47-95-12

## REVISED

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

DOCUMENTS DEPT.

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BOARD OF SUPERVISORS

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# // MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, DECEMBER 6, 1995 - 1:00 P.M. ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

DOCUMENTS DEPT

TIME MEETING CONVENED: 1:28 P.M.

AUG 2 / 1995 SAN FRANCE PUBLIC L D //

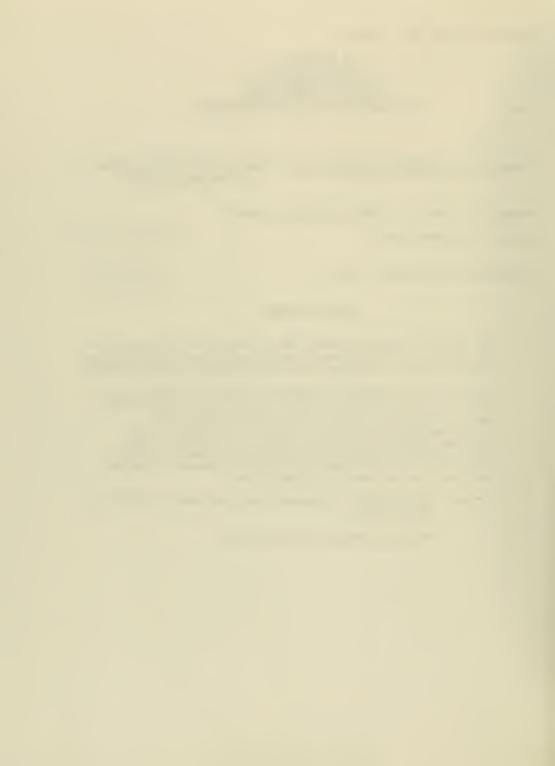
#### **PUBLIC HEARING**

1. <u>File 228-95-1</u>. [Multimedia Industry] Hearing to consider the progress of the City's efforts to foster the growth of the multimedia industry in San Francisco (pursuant to Board of Supervisors Resolution No. 1078-92). (Supervisor Hsieh)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Tim Grayson, Mayor's Office of Business and Community Services; Robert Gamble, Redevelopment Agency; Larry Del Carlo, Director, Mayor's Office of Community Development; Kenneth Dowlin, City Librarian. IN SUPPORT: Susan Worthman, MDG; Doug Humphreys; Red Sky Films; Jim Wickett, Chief Operating Officer; Rocket Science Games; Deridre O'Marrley, Presdient, Monica Industries; David Leventhal, Vice President, Luminare Multimedia; Jerry Clark, Natoma Neighbors. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 2-1. (Supervisor Bierman absent.)



 File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 11/29/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Teresa Serata, Budget Director, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO DECEMBER 13, 1995, MEETING.

VOTE: 3-0.

3. File 101-95-24. [Appropriation, Department of Public Health-Community Health Services] Ordinance appropriating and rescinding \$143,379, Department of Public Health-Community Health Services, for salaries and fringe benefits for the creation of one (1) position and deletion of (1) position for fiscal year 1995-96. (Controller) RO #95059 (COMPANION TO THE FOLLOWING FILE)

(Consideration Continued from 11/29/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ed Gazzano, Department of Public Health. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation by \$85,024. AMENDED TITLE: "Ordinance appropriating and rescinding \$58,355, Department of Public Health-Community Health Services, for salaries and fringe benefits for the creation of one (1) position and deletion of (1) position for fiscal year 1995-96."

VOTE: 3-0.

4. File 102-95-6. [Salary Ordinance Amendment, Department of Public Health]
Ordinance amending Annual Salary Ordinance 1995-96, Ordinance No. 256-96,
reflecting the deletion of one (1) position (Class 2235 Medical Director,
Department of Health) and the addition of one (1) position (Class AB04 Medical
Director, Emergency Medical Service Agency). (Department of Human
Resources) (COMPANION TO THE PRECEDING FILE)

(Consideration Continued from 11/29/95)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Ed Gazzano, Department of Public Health. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.



#### GENERAL ITEMS

5. File 101-94-42.1. [Reserved Funds, Department of Public Works]
Consideration of release of reserved funds, Department of Public Works, (1990
Earthquake Safety Bonds) in the amount of \$1,000,000, to fund the Avian
Center construction at the San Francisco Zoological Gardens. (Department of Public Works)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF \$1,000,000 APPROVED. FILED.

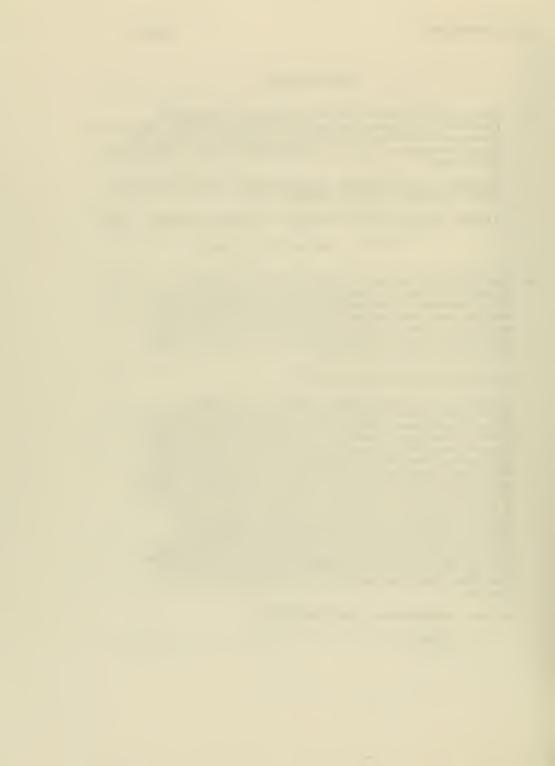
VOTE: 2-1. (Supervisor Kaufman absent.)

6. File 170-95-11. [Equipment Lease-Moscone Expansion Bonds] Resolution submitting to the qualified electors of the City and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements obligations not to exceed \$157,500,000 for the acquisition and construction of additional convention center facilities and related equipment, fixtures and furnishings in the South of Market area. (Chief Administrative Officer)

(Consideration Continued from 11/29/95)

SPEAKERS: ELECTED OFFICIAL: Supervisor Tom Ammiano. DEPARTMENTAL REPRESENTATIVES: Bill Lee, Chief Administrative Officer: Laura Wagner-Lockwood, representing Chief Administrative Officer; Ed Harrington, Controller. IN SUPPORT: John Mopps; Walter Johnson; Jerry Clark, Natoma Neighbors; Bob Bagley, Hotel Council of San Francisco: Holton Gantz, General Manager, San Francisco Hilton Hotel: Anna Bolton: Brenda Bellin: Steven Coalter, Co-Chair, North of Market Coalition; Mike Hardeman, Local 510, Sign Displays; Mr. Evans; Robert Murray, Painter's Union; Don Marcos. OPPOSED: Richard Goss. II. President, Fine Arts Museums of San Francisco; Maria Martinez, Presidnet, San Francisco Consortium Community Centers; John Demalogo, Chair, San Francisco Zoological Society; Clare Issacs. Co-Chair, Park and Open Space Advisory Committee; Nan McGuire; Clayton Mansfield; Calvin Welsh, Council of Community Organization; John Elderling. NO STATED POSITION: Brad Paul, Consultant; Jim Hass, Chair, Civic Pride; Robert Boyd, Co-Chair, North of Market Coalition.

ACTION: HEARING HELD. RECOMMENDED.



File 161-95-6.1. [Redevelopment Agency Budget and Bonds] Resolution approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1995-96; the issuance of not to exceed \$1,170,000 of Tax Allocation Bonds; and an appropriation of \$76,000 for fiscal year 1995-96. (Supervisor Bierman)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Robert Gamble, Redevelopment Agency. IN SUPPORT: John Elderling; Anna Yee, Coordinator, South of Market Planning Council; Jerry Clark, Natoma Neighbors; Marilyn Griffin, Director of Planning, South of Market Health Clinic. OPPOSED: None.

ACTION: HEARING HELD. AMENDMENT OF THE WHOLE BEARING NEW TITLE PRESENTED IN COMMITTEE BY SUPERVISOR BIERMAN. ADOPTED. AMENDMENT OF THE WHOLE CONTINUED TO THE CALL OF THE CHAIR. NEW TITLE: "Resolution approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 1995-96 by increasing by \$1,000,000 the Agency's expenditure for the South of Market Earthquake Recovery Redevelopment Project Area; approving the issuance of not to exceed \$1,143,000 of Tax Allocation Bonds; and authorizing the Agency to increase its Annual Statement of Indebtedness by \$98,069."

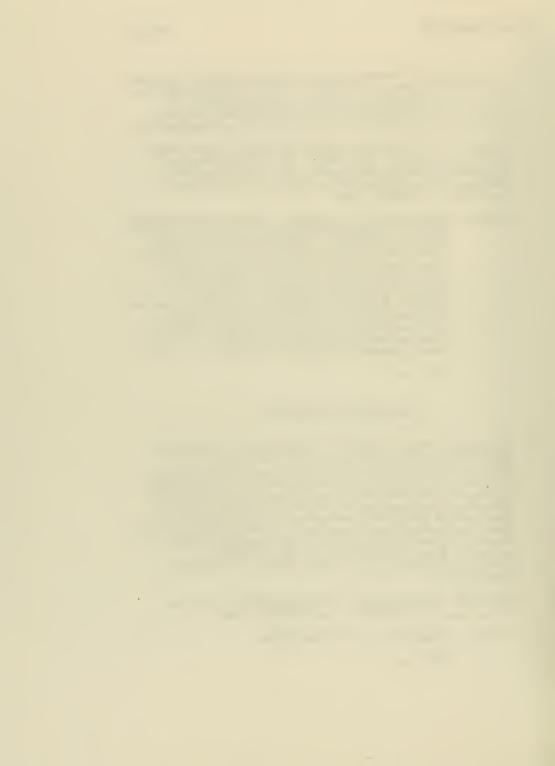
VOTE: 3-0.

#### COMMUNITY DEVELOPMENT

8. File 68-95-8. [Federal Funds, Home Program, Office of the Mayor]
Resolution authorizing the Mayor of the City and County of San
Francisco to apply for, accept and administer a grant from the U.S.
Department of Housing and Urban Development for a total amount not
to exceed six million two hundred eight thousand (\$6,208,000) for the
Home Program authorized under Title II of the National Affordable
Housing Act of 1990, Public Law Number 101-625, and approving the
Home Program description as described in the 1996 Action Plan for San
Francisco's Consolidated Plan. Indirect costs associated with the
acceptance of these grant funds will be paid by Community
Development Block Grant Funds. (Mayor's Office of Community
Development)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analsyt. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD, RECOMMENDED.



9. File 68-95-9. [Federal Funds, Emergency Shelter Grants Program, Office of the Mayor] Resolution approving the 1996 Emergency Shelter Grants Program and Expenditure Schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept, and expend a \$794,600 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development. (Mayor's Office of Community Development)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst; John Pon, Mayor's Office of Community Development. IN SUPPORT: Patrick Renalt, Salvation Army. OPPOSED: None.

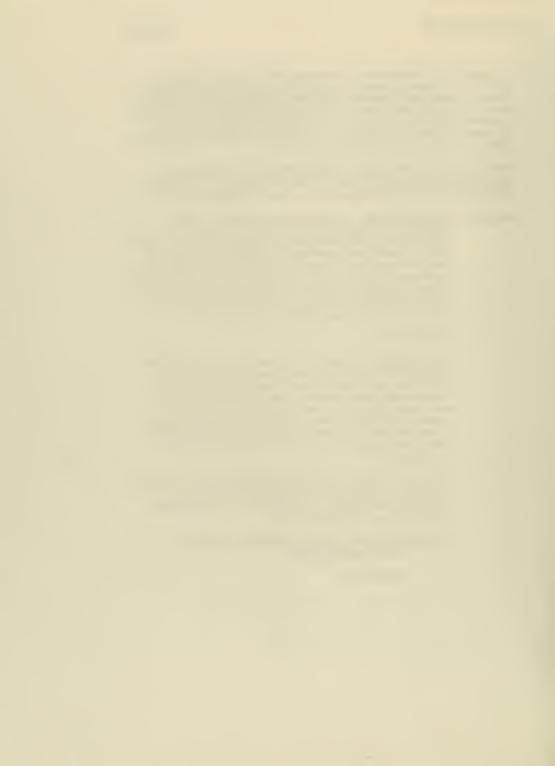
ACTION: HEARING HELD. QUESTION ON SALVATION ARMY FUNDING IN THE AMOUNT OF \$65,000 DIVIDED. REMAINING AMOUNT OF \$729,600 RECOMMENDED. NEW TITLE: "Resolution approving the 1996 Emergency Shelter Grants Program and Expenditure Schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept, and expend a \$729,600 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development.

VOTE: 3-0.

File 68-95-9.1. [Federal Funds, Emergency Shelter Grants Program, Office of the Mayor] Resolution approving the 1996 Emergency Shelter Grants Program and Expenditure Schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept, and expend a \$65,600 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development. (Mayor's Office of Community Development)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst; John Pon, Mayor's Office of Community Development. IN SUPPORT: Patrick Renalt, Salvation Army. OPPOSED: None.

ACTION: HEARING HELD. TO BOARD "WITHOUT RECOMMENDATION.



10. File 79-95-6. [1996 Community Development Block Grant, Office of the Mayor] Resolution approving the 1996 Community Development Program. Authorizing the Mayor, on behalf of the City and County of San Francisco, to apply for, receive, and expend the City's 1996 Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development, transfer and expend reprogrammed funds from prior year Community Development Programs and program income generated by the San Francisco Redevelopment Agency up to \$36,002,627, which include indirect costs of \$120,000; approving Expenditure Schedules for recipient departments and agencies and for indirect costs, and determining no environmental evaluation is required, authorizing the receipt and deposit in contingencies of 1996 CDBG Entitlement Funds in excess of \$24,285,600. (Mayor's Office of Community Development)

SPEAKERS: ELECTED OFFIICAL: Supervisor Susan Leal.
DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst;
Larry Del Carlo, Director, Mayor's Office of Community Development;
Mauri Swartz, Chair, Citizens Advisory Committee on Community
Development. IN SUPPORT: None. OPPOSED: None.

HEARING HELD. AMENDED. RECOMMENDED AS ACTION: AMENDED. Add the following agencies for funding: \$50,000 for BRAVA; \$25,000 for League of Urban Gardners, St. Mary's Youth Farm; \$75,000 for Women's Building; \$26,528 for Men Overcoming Violence; Contingencies of \$152,174. On Page 1, line 9 after "schedules" insert "as amended". On Page 2, line 5 after "proposal" insert "as amended". AMENDED TITLE: "Resolution approving the 1996 Community Development Program. Authorizing the Mayor, on behalf of the City and County of San Francisco, to apply for, receive, and expend the City's 1996 Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development, transfer and expend reprogrammed funds from prior year Community Development Programs and program income generated by the San Francisco Redevelopment Agency up to \$36,002,627, which include indirect costs of \$120,000; approving Expenditure Schedules as amended for recipient departments and agencies and for indirect costs, and determining no environmental evaluation is required, authorizing the receipt and deposit in contingencies of 1996 CDBG Entitlement Funds in excess of \$24,285,600."

VOTE: 3-0.

TIME MEETING ADJOURNED: 5:54 P.M.



Memo to Budget Committee December 6, 1995

Attn: Kate Wingerson

Item 6 - File 170-95-11

Note: This item was continued by the Budget Committee at its Theeting NFS DEPT.

November 29, 1995.

DEC 07 1995

Department: Chief Administrative Officer (CAO) Convention Facilities Development

SAN FRANCISCO PUBLIC LIBRARY

Item:

Resolution submitting to the qualified electors of the City and County of San Francisco a proposition authorizing the City to enter into lease financing arrangements for the acquisition and construction of additional convention center facilities and

related equipment, fixtures and furnishings.

Amount:

Not to exceed \$150 million. An Amendment has been introduced that would authorize an amount not to exceed \$157.5 million (See Comment #10).

Description:

The proposed resolution would authorize a proposition to be submitted to the electorate in March, 1996 in order for the City to issue lease revenue bonds, in an amount not to exceed \$157.5 million, for the development of a new facility to provide additional convention meeting and exhibit space to supplement the Moscone Center. The proposed new facility would add 300,000 square feet for such meeting and exhibit space. An Amendment has been introduced at the Budget Committee meeting of November 29, 1995 that designates the selected site in the South of Market area.

Project Background

The Moscone Center was expanded in 1991 and 1992 by 300,000 square feet for additional exhibition and meeting space. According to Mr. Jack Moerschbaecher, Convention Facilities Director, the existing space at the Moscone Center is heavily booked, and is anticipated to remain so until the Year 2000. San Francisco competes for conventions rotating to the West Coast. In terms of the significant North American markets, San Francisco is anticipated to drop from the 19th largest to 24th place in exhibit space by the Year 2000, according to Mr. Moerschbaecher.

Mr. Moerschbaecher reports that an estimated additional 300,000 square feet of meeting space could generate significant revenues, increase retail spending, and would benefit businesses in the "visitor industry". (See Attachment 1 provided by Mr. Moerschbaecher for the details of the estimated economic benefits).

A new three-level facility is planned, including 160,000 square feet of exhibition space, and a 75,000 square feet

SF

meeting room and ballroom space, and 65,000 of non-usable space (consisting of hallways and stairways), for a total of 300,000 square feet. With the existing facility at the Moscone Center consisting of 600,000 square feet, there would be a total of 900,000 square feet upon completion of the new facility.

Although the CAO considered both a North of Market and South of Market site, the CAO has selected a South of Market site because a) it provides a slightly higher economic benefit to the City because larger groups could be accommodated given the close proximity of the site to the current Moscone Center, and b) the site would be less expensive to acquire (see Attachment #2 provided by the Convention Facilities Director).

Project Capital Cost Estimates and Financial Plan
The estimated capital cost to develop the designated South of
Market site is estimated at \$208 million. These estimates
include relocation costs (of existing businesses), construction,
construction management, architectural/engineering/design
costs, furniture, fixtures, equipment and a contingency for
unanticipated costs during construction. A financing plan
was developed by the CAO's Office for the recommended
South of Market site.

Subsequently, at the Budget Committee meeting of November 29, 1995, an Amendment was introduced that would authorize lease revenue bonds in an amount not to exceed \$157.5 million, or \$7.5 million over the originally proposed \$150 million in bonds (See Comment #10). The following financing plan reflects information available as of the writing of this report, based upon a \$157.5 million bond issue. As of the writing of this report, a revised financing plan had not yet been finalized. All amounts are stated in 1995 dollars.

Financing Sources		
City Contribution (Convention		
Facilities Fund surplus and new		
Hotel Tax funds - See Comment #1)	\$57,925,000	
Bond Proceeds (subject of the		
proposed resolution)	149,625,000	
Total Financing Sources		\$207,550,000
Financing Uses		
Construction (includes acquisition and		
site preparation)	\$123,338,000	
Architectural & Engineering	10,664,000	
Construction Management	5,332,000	
Furniture, Fixtures & Equipment	4,760,000	
Contingency	_13.331.000	
Subtotal	\$157,425,000	
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Capitalized Interest	\$31,978,000	
Debt Service Reserve Fund	14,212,000	
Other Financing Costs (e.g. bond		
issuance costs)	3,935,000	
Subtotal	\$50,125,000*	

\*The amounts budgeted for capitalized interest and for the debt service reserve fund will increase as a result of issuing \$157.5 million instead of \$150 million in lease revenue bonds. However, the revised financing uses have not been finalized as of the writing of this report.

\$207,550,000

**Total Financing Uses** 

If this ballot measure is approved by the voters, the CAO will submit an ordinance to the Board of Supervisors to increase the Hotel Tax Surcharge by 2 percent (raising the current Hotel Tax rate of 12 percent to a total of 14 percent) to fund a portion of the \$57.9 million City Contribution shown above and funds required to repay the debt resulting from the issuance of up to \$157.5 million in lease revenue bonds. This financing arrangement would be similar to the funding mechanism used for the last Moscone Center expansion.

Construction on the project is anticipated to be completed by the end of FY 1999-2000, during which time the City would only be responsible for the repayment of interest on the project. Beginning in FY 2000-2001, after the new facility becomes operational, repayments on the debt service would begin. As of the writing of this report, a revised debt service schedule, including a revised schedule detailing project expenditures by source of funds, had not been finalized.

Project Annual Operating Revenues and Expenses
The estimated annual net operating income or (deficit) for the
designated South of Market in 1995 dollars is as follows:

South of Market

Annual Operating Revenues \$1.6 million Annual Operating Expenses 4.7 million

# Net Annual Operating Deficit (\$3.1 million)

According to Mr. Moerschbaecher, the annual operating deficit, along with debt repayment, would also be funded through a proposed increase in the Hotel Tax as described above. The estimated annual operating deficit is projected to continue for each year that the facility operates.

The net operating deficit for the proposed South of Market site, according to the CAO's Office, is comparable to the current operating deficit at the Moscone Center.

#### Other Economic Benefits

An economic analysis funded in the 1994-95 Convention Facilities departmental budget in the amount of \$100,000 was conducted by a joint venture of Economic Research Associates (ERA), Public Affairs Management and Iyer and Associates. The consultants' findings regarding expanding convention facilities in San Francisco are as follows: (These specific revenues to San Francisco are detailed in Attachment #1 and are summarized below):

- 1,650 to 2,000 jobs and \$35 million to \$45 million in income would be added to the City.
- Moscone-based meeting groups currently bring in between 750,000 and 800,000 nights of hotel room occupancy. Additional meeting and exhibit facilities are anticipated to increase by 180,000 to 250,000 room nights.
- Hotel room revenue would increase by \$20 to \$30 million annually.
- Spending in San Francisco restaurants would increase by \$20 to \$35 million per year.
- Spending in San Francisco shops and other retail establishments would increase by \$25 to \$30 million annually.

#### Comments:

1. The following table details the sources and uses of funds for the City contribution for the proposed South of Market facility, and also for other projects (Comment #10). The sources and uses of funds for the City contribution are as follows:

Total Sources of City Contribution Surplus Hotel Tax Revenues Retained in the Convention Facilities Fund \$20,000,000 Anticipated 2 percent increase in Hotel Tax Rate - Revenues earned prior to commencement of debt repayment 64,000,000 **Total Sources of City** Contribution \$84,000,000 Total Uses of City Contribution Proposed Capital Project Costs \$57,925,000 Other Projects 7,500,000 **Total Uses of City Contribution** \$65,425,000 Remaining Surplus in Hotel Tax Revenues \$18.575.000

2. Mr. Moerschbaecher explains that the \$20 million in surplus revenues are presently available in the Convention Facilities Fund because 1) the Moscone expansion projects in 1991 and 1992 were completed on time and under budget, and 2) actual revenues exceeded budgeted revenues for the past two fiscal years, and therefore, an accumulated fund balance has resulted.

A supplemental appropriation request is currently pending in the Mayor's Office which would appropriate the \$20,000,000 in surplus Hotel Tax revenues to begin the EIR process and planning and design work for the proposed new facility project.

3. Mr. Moerschbaecher reports that the proposed two percent increase in the Hotel Tax would initially generate an estimated \$16,000,000 annually beginning in FY 1996-97. Therefore, a total estimated \$64,000,000 would be generated by the anticipated increase in the Hotel Tax Rate from 12 percent to 14 percent over the four year period of 1996-97 through FY 1999-2000.

- 4. Any increase in the Hotel Tax is would be subject to separate legislative approval by the Board of Supervisors.
- 5. According to Ms. Laura Wagner-Lockwood of the CAO's Office, the operating deficit of \$3.1 million would also be funded through the Convention Facilities budget. Ms. Wagner-Lockwood of the CAO's Office reports that Hotel Tax revenues are anticipated to grow by approximately four percent per year beginning in FY 2000-2001, and therefore, it is anticipated that sufficient cash would be available for the debt repayment, as well as the annual operating deficit.
- 6. Attachment 3 shows the projected bond issuance for authorized projects, as well as the impact upon San Francisco's debt capacity, as of November 15, 1995. According to Ms. Wagner-Lockwood, the City's policy has been to maintain a prudent debt capacity of 2.4 percent of net assessed value. However, as noted on Attachment 3, assuming the proposed lease revenue bonds were issued, the City's debt capacity policy of 2.4 percent would be exceeded, and would increase to 2.76 percent in fiscal year 1997-98. Therefore, if the City maintains this 2.4 percent debt capacity policy, other competing projects may be delayed, as there would be no additional debt capacity for any other projects between fiscal years 1996-97 through FY 2000-2001. Ms. Wagner-Lockwood notes, however, that the extent that projects would be delayed is unclear because the timing of authorized and anticipated projects may change, as well as the 2.4 debt capacity policy. Ms. Wagner-Lockwood reports that the Capital Improvement Advisory Committee (CIAC) will be reviewing these issues given the competing capital needs of the City.
- 7. Mr. Ed Harrington, Controller, advises that the 2.4 percent debt capacity policy is an informal policy decided by the CIAC, which has been previously disclosed to the Mayor and the Board of Supervisors. Mr. Harrington reports that the legal debt limit for General Obligation (GO) bonds specified by the San Francisco Charter is 3 percent of net assessed value, and therefore, the City, with its 2.4 percent policy (which includes GO debt and lease revenue bond debt), is currently under the legal limit. However, Mr. Harrington indicates that rating agencies look at all tax-supported debt, including lease revenue bond debt, and therefore, the 2.4 percent debt capacity policy has also been presented to rating agencies to indicate how the City manages its debt.
- 8. Ms. Wagner-Lockwood reports that this debt capacity ratio is only one determinant that investors use to determine the

overall credit worthiness of the City. Ms. Wagner-Lockwood indicates that investors also use other information, such as budget management practices and the economic forecasts for the City. Attachment 4 shows a comparison of City and County debt-supported ratios for other California counties. This Attachment shows that San Francisco's debt ratio for GO debt exclusively is 2.2 percent, and 2.8 percent for overlapping debt (which includes tax-supported debt including school districts, redevelopment agencies and transportation agencies). The 2.4 percent debt capacity ratio used as the City's policy excludes overlapping debt from outside agencies such as redevelopment agencies and transportation agencies.

- 9. Attachment 5 details a list of anticipated capital projects that will compete for this debt capacity limit. Those competing projects include the San Bruno Jail, the Youth Guidance Center, affordable housing and Laguna Honda Hospital, among others.
- 10. As previously noted, the Budget Committee has introduced an Amendment to increase the amount of the proposed lease revenue bonds by \$7.5 million, from an amount not to exceed \$150 million to \$157.5 million. Because additional bond proceeds totaling \$7.5 million would be available for the South of Market project, previously unanticipated surplus Hotel Tax revenues would be available for additional projects. According to the Office of the Sponsor of the Amendment, these surplus Hotel Tax revenues would be used for other projects.
- 11. Section 3.09 of the Administrative Code specifies that all long-term financing proposals for capital expenditures be submitted to the CIAC. The CIAC then reports to the Mayor and the Board of Supervisors regarding the proposal's feasibility, cost and priority relative to the City's capital expenditure plan. As of the writing of this report, the proposed project has not yet been submitted to the CIAC. The CIAC will meet on Monday, December 4, 1995 to discuss this proposal, to review the City's debt capacity policy, and to review the timing of authorized and anticipated capital projects. The CAO will attend the Budget Committee meeting of December 6, 1995 to discuss the outcome of the CIAC meeting.

Memo to Budget Committee December 6, 1995

Approval of the proposed resolution is a policy matter for the Board of Supervisors. Recommendation:

#### APPENDIX

#### ECONOMIC ANALYSIS OF ALTERNATIVES FOR DEVELOPMENT OF ADDITIONAL MEETING AND EXHIBIT SPACE IN SAN FRANCISCO

#### INTRODUCTION

In February of 1995 the Chief Administrative Officer (CAO) of the City of San Francisco retained EPI, a Joint Venture, to investigate the feasibility of developing additional meeting and exhibit space in the City. EPI is a team of three San Francisco consulting firms composed of Economics Research Associates (ERA), Public Affairs Management, and Iyer and Associates. This 1995 study by EPI builds upon the previous EPI work for the CAO completed in September of 1994 titled: "San Francisco Needs Assessment for Additional Meeting and/or Exhibit Space". The 1994 study found that in spite of San Francisco's inability to provide the type of contiguous expansion of the Moscone Center preferred by meeting executives in the North American marketplace, San Francisco could still reasonably expect to retain and attract a few (but by no means all) large meeting groups with development of new facilities. In addition, the 1994 Needs Assessment found substantial interest in coming to San Francisco among smaller user groups that could be accommodated on a free standing basis within a new facility. The purpose of the 1995 study has been to investigate the market segment composed of free standing user groups in more detail, and to compare the positive benefits of attracting new meeting business with the costs of producing new facilities in San Francisco.

#### ECONOMIC BENEFITS OF ADDITIONAL MEETING AND EXHIBIT SPACE

The Moscone Center was expanded in 1991 and 1992 from approximately 300,000 square feet to approximately 600,000 square feet of space which can be turned over to user groups. The convention and rade show business accommodated in the Moscone Center forms an important part of the base for the 3an Francisco economy.

- Moscone-based spending by significant meeting groups and their delegates today pumps around \$380 million directly into the San Francisco economy.
- Along with the multiplier effects of this economic stimulus, the Moscone-based meeting business creates about 6,200 jobs in the City.
- The earnings for San Francisco workers associated with this job creation exceed \$130 million per year.
- The Moscone-based meeting business has a total multiplied impact on the San Francisco economy of over \$600 million per year today.

Economic development is the primary motivation for any further construction of meeting and exhibit space in the City. This study has found that a new facility offering approximately 235,000 square feet in addition to the Moscone Center inventory of today could generate significant additional economic benefits:

- 1,650 to 2,000 jobs would be added to the City.
- This job creation corresponds to another \$35 to \$45 million in incomes for San Francisco workers.
- Total expansion of the San Francisco economy will be on the order of \$150 to \$200 million per year.

Impacts are most dramatic in visitor serving sectors of the economy which are the most directly affected by delegate spending.

- Moscone-based meeting groups currently bring between 750,000 and 800,000 nights
  of hotel room occupancy to San Francisco. With additional meeting and exhibit facilities,
  total roomnights from convention business would increase by another 180,000 to 250,000.
- Hotel room revenues in the City would increase by \$20 to \$30 million per year.
- Direct spending in San Francisco restaurants would increase by \$20 to \$35 million per year.
- Spending in San Francisco shops and other retail establishments would increase by \$25 to \$30
  million per year.

Other San Francisco business directly benefiting from additional meeting groups would include the companies and labor unions which set up and transport exhibits in convention and trade shows; taxis, auto rentals and other transportation services; entertainment providers; other amusement and recreation concerns; and a wide variety of other businesses constituting the "visitor industry". Through indirect and induced "multiplier" mechanisms, the benefits of economic expansion will ripple throughout other sectors of the San Francisco economy.

#### **EXISTING CONDITIONS ASSESSMENT**

Moscone Center presently consists of ten 'areas', combinations of which may function independently of each other. From the beginning, Moscone Center has had high overall usage, with 60 to 70 percent occupancy. On a practical basis, no multi-tenant convention center can ever achieve a 100 per cent occupancy level. The practical limit for occupancy for a major convention center with six or more flexible spaces is 70 percent.

The user groups include clients hosting conventions with or without tradeshows, consumer shows and other events. Conventions and convention/tradeshows continue to dominate the usage of Moscone Center. It is important to note that booking policies in San Francisco give higher preference for space in Moscone to groups which use a significant number of hotel sleeping rooms. For this reason national and state/regional events make up the majority of user groups. Potential roomnight projections through 1997 range from 600,000 to 700,000 annually. Moscone Center is currently heavily booked and will continue to be so through the year 2000.

San Francisco competes for conventions rotating to the West Coast. Of the eleven primary competitive and comparable centers, Moscone Center is the eighth largest center in terms of exhibition space. Seven of the eleven comparable facilities are either under construction or have plans for extensive expansions. Assuming that all the expansions occur, the Moscone Center will be the smallest space. In terms of the significant North American markets, San Francisco will drop from the 19th largest to 24th place in exhibit space by the year 2000.

During interviews with repeat clients, it was determined that while additional facilities contiguous to the existing Moscone Center would be the preferred alternative, user groups would be interested in utilizing space in a noncontiguous facility in either a North of Market location in the vicinity of an existing hotel block, or in a South of Market location within half-block of Moscone Center. Groups could use the new facility on a free standing basis at both locations. At the South of Market location, larger user groups may see the new facility as meeting space to complement exhibition space rented at the existing Moscone Center.

Conceptual designs for meeting and exhibit space were prepared during the EPI study by team architect Iyer and Associates. The North of Market alternative would require redevelopment of an entire city block. No specific block was identified for the North of Market alternative. Neighborhood groups from the North of Market area found the proposed meeting and exhibit facilities to be out of scale with their plans for neighborhood development. Concerns were expressed at the potential loss of existing housing units and eference was made to state redevelopment law requiring one for one replacement of any housing units loss lue to the project. Concerns were also expressed about the impact of traffic from large trucks going through he neighborhood to service the facility. However, a mixed use project with retail commercial spaces at street evel could have a positive effect on the North of Market neighborhood.

TOTAL

2005

2004 된

68.2 315.0 14.3 64.3

35.0

35.0

18.4

41.7 63.6 29.2

622.3

35.0

35.0

Projected Issuance of Authorized Bond Issues City and County of San Francisco As of November 15, 1995

(in millions)

	FY 2003	35.0	35.0
	FY 2002	35.0	35.0
	FY 2001	35.0	35.0
	FY 2000	12.2 35.0	47.2
	FY 1999	15.0 35.0 14.3	64.3
	FY 1998	15.0 35.0 25.0 26.2	101.2
	FY 1997	7.6 35.0 14.3 25.0 29.7 3.0	114.6
	FY 19%	18.4 26.0 12.0 63.6	120.0
General Obligation Bonds	990HG.	Public Safey Improyements (ESP I) Public Safey Improvements (ESP II) Golden Cate Park Improvements Seismic Safey Loan Program Fire Station Improvements Public School Improvements Asian Art Muscum City Hall Improvements Aquarium Improvements	Subtotal - General Obligation Bonds

Other Tax-Supported Debt Issues Mexican Museum - Hotel Tax Bonds Convention Center Expansion S.F. Finance Corp - Equipment Bonds S.F. Finance Corp - 800 Mghz System S.F. Finance Corp - 911 System	10.0	8.5 6.0 13.5 20.0	150.0 6:0 36.5 20.0	6.0	0.9	0.0	0.9	0.9	6.0	6.0	8.5 150.0 64.0 50.0 60.0
Subtotal - Other Tax-Supported Debt	30.0	48.0	212.5	30.0 48.0 212.5 6.0 6.0 6.0 6.0	0.9	6.0	6.0	6.0	0'9 0'9	0.9	332.5
TOTAL	150.0	162.6	313.7	150.0 162.6 313.7 70.3 53.2 41.0 41.0 41.0 41.0 41.0	53.2	41.0	41.0	41.0	41.0	41.0	954.8

1 Outstanding Tax-Supported Debt at Beginning of FY

2 Issuance of Bonds Authorized to Date (1)

3 Retirement of Debt ,

City and County of San Francisco

Debt Capacity Model

(in millions)

-
446
40.2
650
1000
191
100
12
101
TT:
200
100
100
55.4
1:5
185-18
100
100
34
100
200
130 0
500.0
18000
1447
132
73.5
20.00
555
_

TOTAL		7	(767.0)				360.0		
FY 2005	1,351.5	41.0	(3 68)	1,302.7	69,282.9	1.88%	100.0	2.40%	
FY 2004	1,397.6	41.0	(87.1)	1,351.5	67,265.0	2.01%	0.09	2.40%	
FY 2003	1,438.2	41.0	(81.6)	9.795,1	65,305.8	2.14%	85.0	2.40%	
FY 2002	1,483.2	41.0	(86.0)	1,438.2	63,403.7	2.27%	\$5.0	2.40%	
FY 2001 FY 2002	1,553.4 1,546.6 1,522.8 1,483.2	41.0	(80.6)	1,546.6 1,522.8 1,483.2	61,557.0	2.41%		2.41%	
FY 2000	1,546.6	53.2	(77.0)	1,522.8	59,764.1	2.55%		2.55%	
FY 99		70.3	(77.0)		58,023.4	2.67%		2.67%	
FY 98	1,209.9 1,314.8	313.7	(75.2)	1,553.4	54,692.6 56,333.4	2.76%		2.76%	
FY 97		162.6	(57.7)	1,314.8	54,692.6	2.40%		2.40%	
FY 96	1,114.9	150.0	(55.0)	1,209.9	53,099.6	2.28%		2.28%	

7 Additional Debt Capacity at Maximum Prudent Debt Limit
8 Tax-Supported Debt as % of Net Assessed Value
\* Assumes approval of Convention Center expansion bonds in March 195

6 Tax-Supported Debt as % of Net Assersed Value

Remaining Debt Capacity

5 Estimated Net Assessed Value at Growth Rate of 3% Annually

4 Outstanding Tax-Supported Debt at End of FY

### Comparison of City & County Tax-Supported Debt Ratios

		Moody's	Current	Current
	G.O.	Lease Rev	Direct	Overlapping
	Rating	Rating	Debt Ratio	Debt Ratio*
alifomia Cities				
San Diego	Aaa	Aa		1.8%
Sacramento	Aa1	Aa		2.9%
San Jose	-	A1		2.7%
Los Angeles	Aa1	A1		2.7%
Oakland	A1	<del>-</del>		2.5%
San Francisco	A1	Α	2.2%	2.8%
Vifornia Countina				
alifornia Counties				4.00/
San Mateo	-	i.		1.0%
San Mateo Santa Clara	<u>.</u>	- A1		1.4%
San Mateo Santa Clara Contra Costa	- - -	A1		1.4% 2.0%
San Mateo Santa Clara Contra Costa Sacramento	- - -	A1 A		1.4% 2.0% 1.9%
San Mateo Santa Clara Contra Costa Sacramento San Francisco	- - - - - A1	A1 A A	2.2%	1.4% 2.0% 1.9% 2.8%
San Mateo Santa Clara Contra Costa Sacramento San Francisco San Diego	- - - - A1	A1 A A	2.2%	1.4% 2.0% 1.9% 2.8% 3.2%
San Mateo Santa Clara Contra Costa Sacramento San Francisco San Diego Alameda		A1 A A A	2.2%	1.4% 2.0% 1.9% 2.8% 3.2% 3.2%
San Mateo Santa Clara Contra Costa Sacramento San Francisco San Diego Alameda Riverside	- - -	A1 A A A A	2.2%	1.4% 2.0% 1.9% 2.8% 3.2% 3.2% 4.5%
San Mateo Santa Clara Contra Costa Sacramento San Francisco San Diego Alameda		A1 A A A	2.2%	1.4% 2.0% 1.9% 2.8% 3.2% 3.2%

<sup>\*</sup> Overlapping debt includes all tax-supported debt issued by city, county, school districts, redevelopment agencies, and transportation agencies.

ALLaciment 5

## Anticipated Tax-Supported Debt Needs

As of November 29, 1995 (in millions)

Program	A	Amount
San Bruno Jail	\$	100.0
Youth Guidance Center		78.9
Affordable Housing		100.0
Laguna Honda Hospital		548.4
Earthquake Safety Program III		100.0
deYoung Museum		100.0
Cultural Facilities Improvements		58.0
Streets, Sidewalks, and Lighting		68.0
Reconstruction/Expansion of AWSS System*		85.6
Underground Storage Tanks		40.0
Moscone Expansion Project		150.0
49er/Giant Stadium Proposals		Unknown
Hall of Justice		Unknown
Auxiliary Buildings - San Francisco General Hospital		Unknown
Total Known Tax-Supported Debt Needs	ş	1,428.9



SF 590 07 =2 12/13/95

# MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF/SAN FRANCISCO

WEDNESDAY, DECEMBER 13, 1995 - 1:00 P.M.

ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

CLERK: GREGOIRE HOBSON

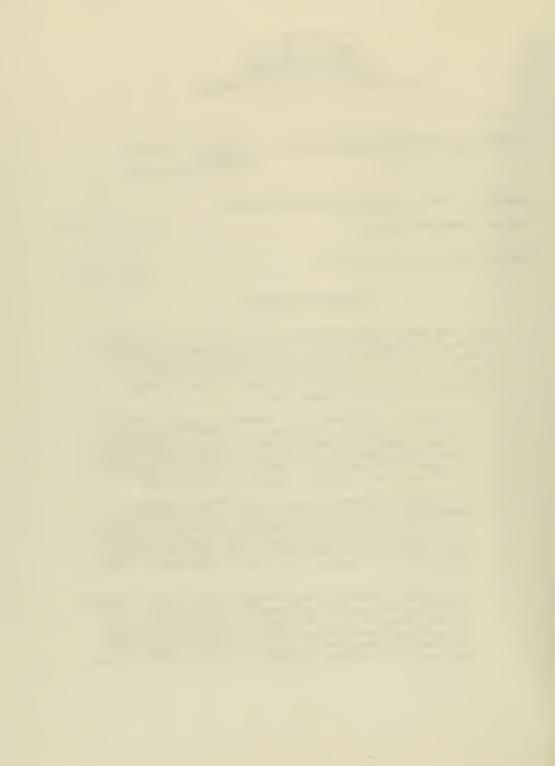
DOCUMENTS DEPT

TIME MEETING CONVENED: 1:07 P.M.

AUG 27 1996 SAN FRANCISCO PUBLIC LIBRARY

#### CONSENT CALENDAR

- 1. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the Budget Committee, and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or a member of the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item:
  - a) File 28-95-27. [Emergency Repair, Twelfth Avenue Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Twelfth Avenue between Judah Street and Kirkham Street \$150,850. (Department of Public Works)
  - b) File 28-95-28. [Emergency Repair, Twenty-Fifth Street Sewer]
    Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Twenty-Fifth Street between Diamond Street and Douglas Street \$144,340. (Department of Public Works)
  - c) File 28-95-29. [Emergency Repair, Washington Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Washington Street between Arguello Boulevard and Cherry Street \$123,850. (Department of Public Works)



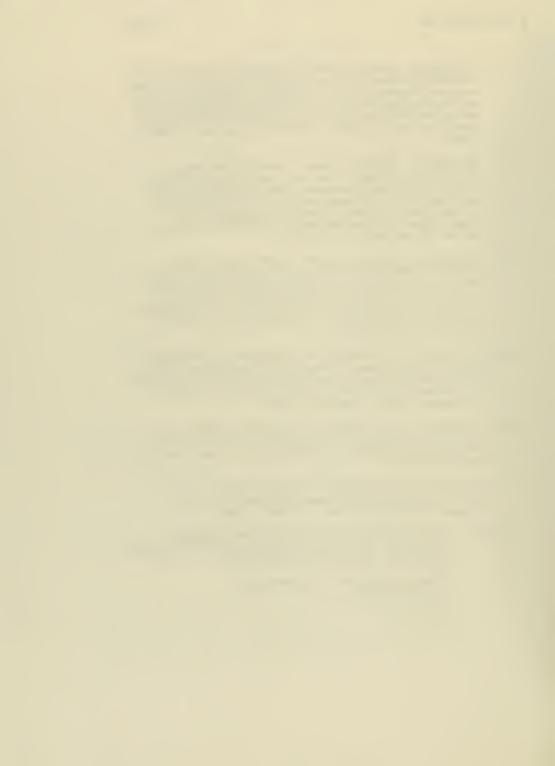
- d) File 28-95-30. [Emergency Repair, Sears Street Sewer] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewer in Sears Street between 170 Sears Street and Cayuga Street \$23,072. (Department of Public Works)
- e) File 28-95-31. [Emergency Repair, Alvarado Street Sewer]
  Resolution authorizing the Director of the Department of Public
  Works to take necessary measures to protect the health, welfare
  and property of the citizens of San Francisco by performing the
  necessary work to replace structurally inadequate sewer in
  Alvarado Street between Douglass Street and Hoffman Avenue \$98,424. (Department of Public Works)
- f) File 28-95-32. [Emergency Repair, Pacific Avenue Sewer]
  Resolution authorizing the Director of the Department of Public
  Works to take necessary measures to protect the health, welfare
  and property of the citizens of San Francisco by performing the
  necessary work to replace structurally inadequate sewer in Pacific
  Avenue between Grant Avenue and Kearney Street \$187,710.
  (Department of Public Works)
- g) File 101-94-13.2. [Reserved Funds, Department of Public Works] Consideration of release of reserved funds, Department of Public Works (Special Gas Tax and Road Funds) in the amount of \$226,000, for the Dragon Light contract, part of the Chinatown Lighting Improvement Project. (Supervisor Hsieh)
- h) File 38-95-12. [Gift Acceptance, Recreation and Park Department] Resolution accepting one gift valued at \$10,928.50, for use by the Recreation and Park Department. (Recreation and Park Department)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Norman Chan, Department of Public Works; Ted Lakey, Deputy City Attorney. IN SUPPORT: None. OPPOSED: None.

ACTION: ITEM (a) THROUGH (f) REMOVED FROM CONSENT CALENDAR. REMAINING ITEMS (g) RELEASE OF \$226,000 APPROVED. FILED; (h) RECOMMENDED.

ITEMS (a) THROUGH (f) HEARING HELD. RECOMMENDED.

VOTE: 3-0.



#### REGULAR CALENDAR

#### **PUBLIC HEARING**

2. File 100-95-12. [Joint Report of Controller and Budget Analyst]
Hearing to consider the joint report of the Controller and Budget
Analyst, estimating the long-term budget impacts federal cuts will have
on San Francisco's budget over the next seven (7) to nine (9) years.
(Supervisor Hsieh)

(Consideration Continued from 12/06/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO DECEMBER 20, 1995.

VOTE: 3-0.

#### **GENERAL ITEMS**

3. <u>File 96-95-6</u>. [Sale of Surplus City-Owned Property] Resolution confirming sale of surplus City-owned property.

(Assessor's Block 652, Lot 7A, 2110-12 Pine Street)
(Assessor's Block 4832, Lot 8, northeast corner of Yosemite Avenue and Ingalls Street)
(Assessor's Block 3577, Lot 60, 3433 - 17th Street)
(Assessor's Block 513, Lot 15, 2475 Greenwich Street)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analayst; Tony DeLucchi, Director, Real Estate Department. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD, RECOMMENDED.

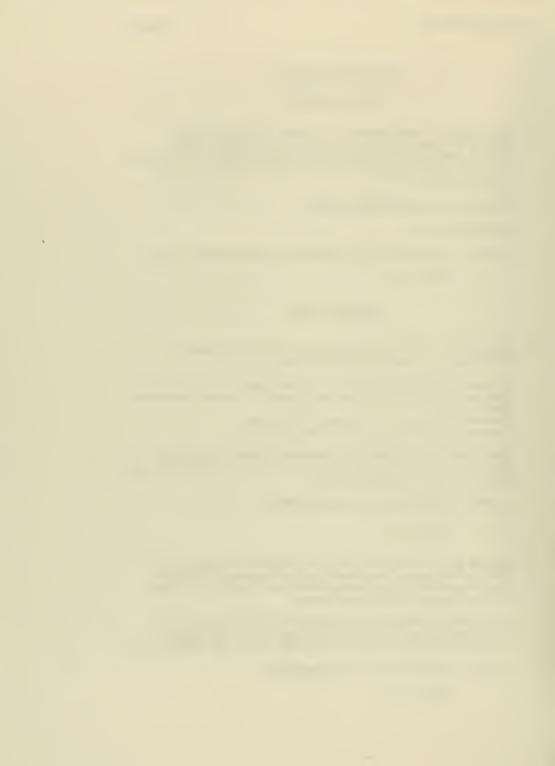
VOTE: 3-0.

4. <u>File 298-95-1</u>. [Law Library Filing Fee] Resolution increasing Civil Filing and Appearance Fees provided in the Business and Professions Code, Sections 6322.1 for operation of the San Francisco Law Library effective January 1, 1996. (Law Library)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Marsha Bell, Law Librarian; Teresa Serata, Budget Director, Office of the Mayor. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD, RECOMMENDED.

VOTE: 3-0.



5. File 23-95-7. [Waiving Statue of Limitations] Resolution waiving the Statue of Limitations with respect to payment of certain warrants of the City and County of San Francisco in the sum of \$16,990.39, a legal obligation of the City and County of San Francisco. (Controller)

(Willie R. McDaniel - \$16,990.39)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

TIME MEETING ADJOURNED: 2:01 P.M.



Attn: Kate Wingerson

CITY AND COUNTY



### BOARD OF SUPERVISORS

**BUDGET ANALYST** 

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

December 8, 1995

TO:

**Budget Committee** 

FROM:

SUBJECT: December 13, 1995 Budget Committee Meeting

Budget Analyst R . It as -or mta or

DOCUMENTS DEDT

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SAN FRANCISCO PUBLIC LIBRARY

Items 1a, 1b, 1c, 1d, 1e and 1f - Files 28-95-27, 28-95-28, 28-95-29, 28-95-30, 28-95-31 and 28-95-32

Department:

Department of Public Works (DPW)

Items:

Item 1a, File 28-95-27 - Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Twelfth Avenue between Judah Street and Kirkham Street.

Item 1b, File 28-95-28'- Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Twenty-Fifth Street between Diamond Street and Douglass Street.

Item 1c, File 28-95-29 - Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Washington Street between Arguello Boulevard and Cherry Street.

Memo to Budget Committee December 13, 1995 Budget Committee

Item 1d, File 28-95-30 - Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Sears Street near Cayuga Street.

Item 1e, File 28-95-31 - Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Alvarado Street between Douglass Street and Hoffman Avenue.

Item 1f, File 28-95-32 - Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace a structurally inadequate sewer on Pacific Avenue between Grant Avenue and Kearny Street.

Amounts:

\$150,850	File 28-95-27
144,340	File 28-95-28
123,850	File 28-95-29
23,072	File 28-95-30
98,424	File 28-95-31
<u>189,710</u>	File 28-95-32
\$730,246	

Source of Funds:

Repair and Replacement Fund - financed by Sewer Service Charges

**Description:** 

Item 1a, File 28-95-27 - The DPW advises that on August 8, 1995, the Bureau of Street and Sewer Repair (BSSR) notified the City Engineer that the existing sewer located at Twelfth Avenue between Kirkham and Judah Streets had multiple cracks and voids under the street. The DPW also advises that on August 8, 1995, the BSSR requested an emergency Class "B" contract to repair this sewer. According to the DPW, Class "B" emergencies include emergencies wherein the damage is such that, if the DPW follows the Department's routine procedures for awarding a contract, the sewer, along with the street above, may collapse before the repair work can commence.

Mr. P. T. Law of the DPW reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on October 25, 1995 and the contract was awarded on November 3, 1995 to Shaw Pipeline

Inc., as the lowest responsible bidder, based on a bid amount of \$150,850. Shaw Pipeline is not an MBE or WBE firm. Mr. Law advises that the repair work is expected to commence Mid-December, 1995 and to be completed by the end of January, 1996. The repair work consists of replacing a total of 580 feet of existing brick sewer with 36 inch diameter pipe.

Item 1b, File 28-95-28 - The DPW advises that on August 9, 1995, the BSSR notified the City Engineer that the existing sewer located at Twenty-Fifth Street between Diamond and Douglass Streets had severe and continuous open joints and had collapsed in one section. The DPW also advises that on August 9, 1995, the BSSR requested an emergency Class "B" contract to repair this sewer.

Mr. Law reports, that in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on September 25, 1995, and the contract was awarded on October 18, 1995 to Uniacke Construction, as the lowest responsible bidder, based on a bid amount of \$144,340. Uniacke Construction is not an MBE or WBE firm. Mr. Law reports that the repair work is expected to begin by December 12, 1995 and to be completed by the end of January, 1996. The repair work consists of replacing 738 feet of existing sewer with 15 inch diameter pipe.

Item 1c, File 28-95-29 - The DPW advises that on July 31, 1995, the BSSR notified the City Engineer that the existing sewer located at Washington Street between Arguello Boulevard and Cherry Street had severe open joints and voids under the street. The DPW also advises that on July 31, 1995 the BSSR requested a Class "B" emergency contract to repair this sewer.

Mr. Law advises that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on October 6, 1995 and the contract was awarded on October 25, 1995 to Woods Construction, as the lowest responsible bidder, based on a bid amount of \$123,850. Woods Construction Company is not an MBE or WBE firm. Mr. Law reports that the repair work is expected to commence on December 18, 1995 and to be completed within 35 calendar days. The repair work consists of replacing 630 feet of existing sewer with 12 inch diameter pipe.

Item 1d, File 28-95-30 - The DPW advises that on July 26, 1995, the BSSR notified the City Engineer that the existing sewer located on Sears Street near Cayuga Street had broken and the homes located on top of the sewer could collapse. The

DPW also advises that on July 26, 1995 the BSSR initially requested an emergency Class "B" contract, which was subsequently upgraded to a Class "A" emergency contract on October 23, 1995, to repair this sewer. According to the DPW, Class "A" emergencies are emergencies which threaten the immediate health, welfare and property of citizens and must be repaired without delay.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on October 27, 1995 and the contract was awarded on November 3, 1995 to Uniacke Construction, as the lowest responsible bidder, based on a bid amount of \$23,072. Uniacke Construction is not an MBE or WBE firm. Mr. Law advises that the repair work began November 7, 1995 and was completed on November 17, 1995. The repair work consisted of closing down approximately 245 feet of existing sewer and relocating side sewers.

Item 1e, File 28-95-31 - The DPW reports that on September 7, 1995, the BSSR notified the City Engineer that the existing sewer located at Alvarado Street between Douglass Street and Hoffman Avenue had multiple cracks and depressions and that there were pot holes in the pavement over the sewer. The DPW also advises that on September 7, 1995 the BSSR initially requested an emergency Class "B" contract, which was subsequently upgraded to a Class "A" emergency contract on October 9, 1995, to repair this sewer.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract procedures on October 10, 1995 and the contract was awarded October 17, 1995 to Woods Construction, as the lowest responsible bidder, based on a bid amount of \$98,424. Woods Construction is not an MBE or WBE firm. Mr. Law advises that the repair work is currently underway and is expected to be completed by December 31, 1995. The repair work consists of replacing approximately 561 feet of existing sewer with 12 inch diameter pipe.

Item 1f, File 28-95-32 - The DPW reports that on April 7, 1995, the BSSR notified the City Engineer that the existing sewer located at Pacific Avenue between Grant Avenue and Kearny Street was sagging and had cracks. The DPW also reports that on April 7, 1995, the BSSR requested an emergency Class "B" contract to repair this sewer.

Mr. Law reports that, in accordance with Section 6.30 of the Administrative Code, the DPW initiated expedited contract

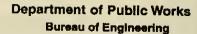
procedures on September 15, 1995 and the contract was awarded on October 13, 1995 to Cal North Engineering, as the lowest responsible bidder, based on a bid amount of \$189,710. Cal North Engineering is not an MBE or WBE firm. Mr. Law advises that the repair work is not scheduled to commence until March 4, 1996,. According to Mr. Law, once the repair work begins, it is expected to be completed within 32 calendar days. The repair work consists of replacing 592 feet of existing brick sewer with 12, 15, 27, and 39 inch diameter pipes.

#### Comments:

- 1. Attached is a memo from Mr. Norman Chan of the DPW explaining in detail why the emergency sewer repair work on the sewer located at Pacific Avenue between Grant Avenue and Kearny Street (Item 1f, File 28-95-32), which was identified in April, 1995, will not commence until March 4, 1996.
- 2. Mr. Chan reports that, as of the writing of this report, the DPW is in the process of revising its procedures related to emergency sewer repair work. According to Mr. Chan, the DPW anticipates that the revised procedures will be completed within approximately one week and, as requested by the Budget Committee, a copy of these procedures will be made available to the Budget Analyst as well as other applicable City departments for review.

**Recommendation:** Approve the proposed resolutions.

#### City and County of San Francisco





### **MEMORANDUM**

To:

Sandy Brown-Richardson

Date:

December 7, 1995

r

Norman Chan Churstine lang

**Budget Analyst** 

File:

95.P.1118N.34

Subject:

Pacific Ave. Sewer Replacement (J.O. #1118N), from Grant Ave. to Kearny St. --Reasons Why the Emergency Sewer Repair Work Identified in April 1995 Will Not

Commence Until March 1996

On April 7, 1995, a Class "B" Emergency contract was requested from the Bureau of Street and Sewer Repair (BSSR) for the replacement of the sewer on Pacific Avenue between Grant Avenue and Kearny Street. Planning and design work began immediately, expedited contract procedures were initiated on September 15, 1995, and the contract was awarded on October 13, 1995. Construction will not commence until March 1996.

The reasons for the extended design period leading to the delay in construction are three-fold.

First, forty-four (44) emergencies were requested in the past year, which impacts the amount of time the engineering staff can devote to each project. For example, at the time that the emergency for Pacific Avenue was requested, there were already six other emergency projects in planning and design. Between the start of the Pacific Avenue project and its advertisement, eleven more other emergencies were requested.

Second, DPW had to wait for Pacific Bell and PG&E to relocate their facilities before we could initiate contract procedures. Both utility companies were contacted at the beginning of the design phase to notify them of the facility alignment conflicts, but due to a backlog of work on their parts, they were still working on this project in September 1995.

Lastly, the Holiday Moratorium in the area prohibits construction from Thanksgiving Day through New Year's Day. Since the Pacific Avenue contract was awarded in mid-October, construction would not have begun until the beginning of November and would not have ended until after Thanksgiving. In addition, the Chinatown Community had requested that all construction be put on hold until after the Chinese New Year Parade on March 2, 1995, and DPW agreed to do so. Hence, construction of the sewer will not commence until March 4, 1995.

DPW has done all it can to expedite this emergency contract. In fact, we asked the Chinatown Community to allow Pacific Bell to continue their construction through the moratorium so that the sewer contract can be initiated right after the parade. The Community agreed to do so.

I hope the above information clarifies the nature of the construction delay for the Pacific Avenue sewer replacement. If you have any questions, please call me at 554-8355.

cc:

Todd Cockburn Don Munakata Nelson Wong Henry Anderson P.T. Law



Memo to Budget Committee December 13, 1995 Budget Committee Meeting

Item 1g - File 101-94-13.2

**Department:** Department of Public Works

Item: Release of reserved funds, Department of Public Works, in

the amount of \$226,000, for the Dragon Lights contract, part

of the Chinatown Lighting Improvement Project.

**Amount:** \$226,000

Source of Funds: Special Gas Tax Improvement Fund and Road Fund

Description: The Board of Supervisors previously approved a

supplemental appropriation of Special Gas Tax Improvement Funds and Road Funds in the amount of \$3,835,000 to finance two capital improvement projects, the Chinatown Alleyway Improvement Project at a total estimated cost of \$2,938,000, and the Chinatown Lighting Improvement Project at a total estimated cost of \$897,000. At the same time, the Board of Supervisors placed \$700,000 on reserve for construction contracts for the Chinatown Lighting Improvement Project pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors. An amount of \$156,000 was previously released from this reserve for Phase I of the Chinatown Lighting Improvement Project, and the DPW is now requesting that \$226,000 be released for the Dragon Lights contract (see below). The remaining \$318,000 (\$700,000 less \$156,000, less \$226,000, the subject of this request), would be kept on reserve for Phase II of the Chinatown Lighting Improvement Project.

The Dragon Lights contract is for manufacture of special street lights with a Chinese lantern and dragon design for Chinatown. The new Dragon Lights will be installed at a future date under the Phase II portion of the Chinatown Lighting Improvement Project. The Dragon Lights will be installed along Grant Avenue from Bush Street to Broadway, and at key intersections in Chinatown, specifically Stockton and Sacramento, Stockton and Vallejo, Pacific and Columbus, Washington and Kearny, and Sacramento and Kearny.

The DPW conducted a competitive bidding process for the Dragon Lights contract, and received four bids. Emery Fixtures was selected as the low bidder, and was awarded the contract, in the amount of \$188,000. Emery Fixtures is not an MBE/WBE.

#### BOARD OF SUPERVISORS BUDGET ANALYST

Memo to Budget Committee December 13, 1995 Budget Committee Meeting

**Budget:** 

**Emery Fixtures Contract** 

24 "Dragon Lights" @ \$7,833 each, incl. sales tax \$188,000

Department of Public Works Staff

5506 Project Mgr. \$89/hr, approx. 40 hrs 3,560

5238 Assoc. Elect. Eng. \$59/hr, approx. 75 hrs 4,440

DPW Staff sub-total

8,000

Contingency (16 percent of contract cost)

30,000

TOTAL

\$226,000

Comment:

The other bidders for the Dragon Lights contract, and their

bid amounts, were as follows:

Kingston Electric Pacific Electrical \$303,200 \$415,000

Jaidin

\$550,000

Recommendation:

Approve the proposed release of reserved funds in the

amount of \$226,000 as requested.

#### Item 1h- File 38-95-12

Department: Recreation and Park Department (RPD)

**Item:** Resolution accepting a cash gift of \$10,928.50, from the San Francisco Giants for the renovation of the baseball diamond

at Kimball Playground and thanking the San Francisco

Giants for their gift.

**Description:** The proposed resolution would accept, on behalf of the City, a

cash gift in the amount of \$10,928.50 from the San Francisco Giants to reimburse the RPD for the total cost of materials and labor to renovate the baseball diamond at Kimball

Playground.

Comments:

1. Mr. James Cooney, of the RPD, advises that the San Francisco Giants offered to reimburse the City for the total

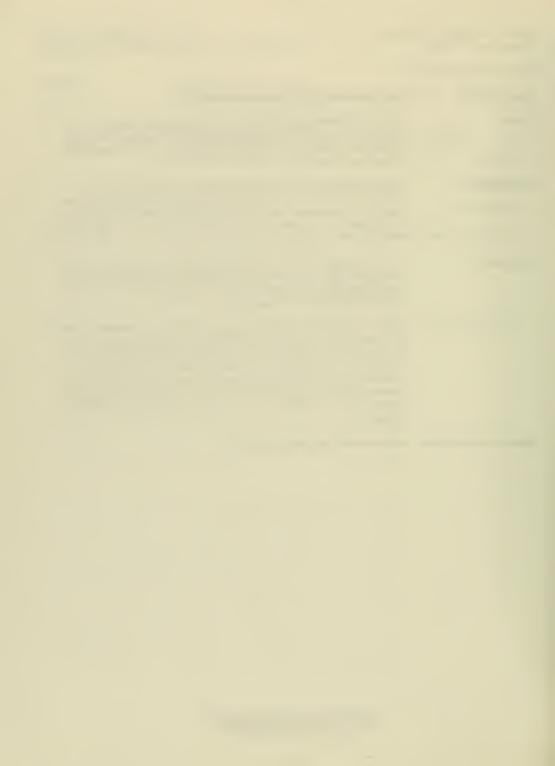
cost of materials and labor required to renovate the baseball

diamond at Kimball Playground.

2. Mr. Cooney advises that the total cost for the renovation of the baseball diamond at Kimball Playground was \$10,928.50. Therefore, the San Francisco Giants presented the RPD with a check in the amount of \$10,928.50 to reimburse the RPD for such renovation costs. Mr. Cooney advises that the on-going maintenance costs for the baseball diamond will be absorbed within RPD's existing FY 1995-96

budget.

Recommendation: Approve the proposed resolution.



#### Item 2 - File 100-95-12

Note: This item was continued by the Budget Committee at its meeting of December 6, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.



#### Item 3 - File 96-95-6

Department:

Real Estate Department

Item:

Resolution confirming the sale of the following surplus Cityowned property:

- Assessor's Block 652, Lot 7A, located at 2110-12 Pine Street;
- Assessor's Block 4832, Lot 8, located on the northeast corner of Yosemite Avenue and Ingalls Street;
- Assessor's Block 3577, Lot 60, located at 3433 17th Street;
   and
- Assessor's Block 513, Lot 15, located at 2475 Greenwich Street.

Description:

In September of 1995, the Board of Supervisors authorized the sale of five parcels of City-owned surplus property located in various areas of the City (Files 96-95-3 and 96-95-4). The Real Estate Department advises that four of these five parcels were sold at a public auction held on November 14, 1995. The proposed resolution would confirm the sale of these four parcels of City-owned surplus property. A description of these four parcels and the respective final bid amounts are as follows:

#### Parcel 1

Assessor's Block 652, Lot 7A, located at 2110-12 Pine Street, consists of 2,461 square feet of land and includes a four-unit apartment building. This property is under the jurisdiction of the Real Estate Department (five-sixths interest) and the University of San Francisco (one-sixth interest). The Real Estate Department advises that the University of San Francisco previously agreed to allow the City sell its one-sixth interest in the subject property.

The Real Estate Department advises that the minimum bid amount for this parcel was established at \$495,000 or 83 percent of its estimated fair market value of \$595,000 in order to generate interest and to promote enthusiastic bidding. The Real Estate Department received 31 bids from five bidders for this parcel. The highest bid price was \$530,000, which is \$35,000 more than the required minimum bid of \$495,000. Based on the sale price of \$530,000, the estimated annual property taxes on the land only are \$6,169. The Real Estate Department reports that this property is zoned RH 2 (Residential Housing).

The Real Estate Department reports that this property was previously bequeathed to the City by Mr. John B. Fortunio, along with a partial interest in a second property (to be sold at a later date) and \$350,000 in cash. The acceptance of this gift was previously approved by the Board of Supervisors (File 38-94-2). The Real Estate Department advises that, in accordance with Mr. Fortunio's wishes, the \$530,000 in proceeds from the sale of this property, in addition to the \$350,000 in cash and the proceeds from the sale of the second property (estimated at \$140,000), will be distributed as follows: (1) one-third (1/3) each to Laguna Honda Hospital and the San Francisco General Hospital (SFGH) AIDS Ward for food, clothing, medicine, entertainment equipment and other articles; and (2) one-sixth (1/6) each to the San Francisco Public Library and the University of San Francisco (USF) for books, capital improvements, the improvement of library facilities and/or the acquisition of audio-visual equipment (see Comment No. 3).

The Real Estate Department advises that the apartment building on the subject property is currently occupied. According to Mr. Steve Hoppe of the Real Estate Department, the tenants occupying this building will probably not be displaced because this property will mostly likely continue to be used for rental income. Mr. Hoppe advises that any increase in the tenants' rent would be subject to the City's rent control laws.

#### Parcel 2

Assessor's Block 4832, Lot 8, located on the northeast corner of Yosemite Avenue and Ingalls Street, consists of approximately 3,000 square feet of land and includes an old pump station which is no longer in use. This City-owned surplus property is under the jurisdiction of the Department of Public Works (DPW).

The Real Estate Department advises that the minimum bid amount for this City-owned surplus property was established at \$49,500 or 75 percent of its estimated fair market value of \$66,000 in order to generate interest and to promote enthusiastic bidding. The Real Estate Department received 46 bids from five bidders for this City-owned surplus property. The highest bid price was \$96,000, which is \$46,500 more than the required minimum bid of \$49,500. Based on the sale price of \$96,000, the estimated annual property taxes on the land only are \$1,117. This property is zoned MZ, Heavy Industrial Use.

#### Parcel 3

Assessor's Block 3577, Lot 60, located at 3433 17th Street between Guerrero and Valencia Streets, consists of approximately 9,600 square feet of land and includes a vacant warehouse building. This City-owned surplus property is under the jurisdiction of the Police Department.

The Real Estate Department advises that the minimum bid amount for this City-owned surplus property was established at \$350,000 or 92 percent of its estimated fair market value of \$379,000 in order to generate interest and to promote enthusiastic bidding. The Real Estate Department received 102 bids from six bidders for this City-owned surplus property. The highest bid price was \$482,000, which is \$132,000 more than the required minimum bid of \$350,000. Based on the sale price of \$482,000, the estimated annual property taxes on the land only are \$5,610. The Real Estate Department advises that this property is zoned as a Neighborhood Commercial District.

#### Parcel 4

Assessor's Block 513, Lot 15, is located at 2475 Greenwich Street between Scott and Pierce Streets. This parcel, which is under the jurisdiction of the Police Department, consists of approximately 9,300 square feet of land and includes two vacant buildings which previously housed the Police Youth Services Bureau.

The Real Estate Department advises that the minimum bid amount for this City-owned surplus property was established at \$390,000, which represented the estimated fair market value for this property. The Real Estate Department received 25 bids from four bidders for this City-owned surplus property. The highest bid price was \$556,000, which is \$166,000 more than the required minimum bid of \$390,000. Based on the sale price of \$556,000, the estimated annual property taxes on the land only are \$6,472. The Real Estate Department advises that this property is zoned as RH 2 (Residential Housing).

#### Comments:

1. The apartment building located on Parcel 1 has generated approximately \$5,549 in monthly rental income (\$66,588 per year) since the property was bequeathed to the City and USF in April of 1994. However, because such revenues have been used to pay for expenses related to property management, including mortgage payments, capital improvements, utilities and management fees, the Real Estate Department estimates

that there will be a balance of less than \$5,000 in net rental revenues by the anticipated closing date for Parcel 1 in February of 1996. TCO Property Management, a private firm, is the property manager for this building. According to Mr. Harry Quinn of the Real Estate Department, after the closing date for the sale of Parcel 1, the net rental revenues will be disbursed to the various interests in accordance with the will of Mr. Fortunio, as follows: (a) one-third each to Laguna Honda Hospital and the AIDS Ward of SFGH and (b) one-sixth each to the Public Library and USF.

- 2. Mr. Hoppe reports that the sale of the four parcels of Cityowned surplus property described above was advertised by (a) placing "For Sale" signs on each parcel; (b) publishing classified advertisements in the Sunday edition of the San Francisco Examiner/Chronicle for five consecutive weeks; and (c) mailing approximately 3,000 flyers to members of the San Francisco Association of Realtors and the San Francisco Apartment Association and to neighbors located near the subject properties.
- 3. The Real Estate Department has incurred \$63,853 in expenses associated with the sale of the four above parcels of City-owned surplus property, as follows:

Environmental site assessments	\$17,320
Official public notices, San Francisco Independent	2,142
Real Estate Department - staff time	29,764
Reproduction and postage	1,876
Planning Department - Master Plan review	1,376
Termite report	250
Inspection report	350
Newspaper classified advertising	1,535
DPW - surveying and property descriptions	6,400
"For Sale" signs	2,840
Total	\$63,853

4. In addition to the Real Estate Department's \$63,853 in expenses associated with processing the sale of the four above-noted City-owned surplus properties, an estimated \$196,000 must be paid from the \$530,000 in proceeds from the sale of Parcel 1 (2110-12 Pine Street) to First Franklin Financial for outstanding loans due on Parcel 1 which were assumed by the City when the Pine Street property was bequeathed by Mr. Fortunio in 1994, for a total deduction of \$259.853 (\$63.853 plus \$196.000).

This would leave a balance of \$1,404,147 (\$1,664,000 less \$259,853) in net proceeds, which will accrue to City departments and USF as follows:

Parcel	Sale <u>Price</u>	Department/Institution	Proceeds Net of \$259,853 in Deductions
1	\$530,000	Laguna Honda Hospital (1/3) San Francisco General Hospital (1/3) Public Library (1/6) University of San Francisco (1/6) Subtotal	\$104,948 104,948 52,474 _52,474 \$314,844
2	96,000	Department of Public Works	86,422
3 4	482,000 556,000	Police Department \$466,037 Police Department 536,844 Subtotal	
\$	31,664,000	Total	\$1,404,147

As reflected in the table above, of the \$1,404,147 in net proceeds, approximately \$52,474 will be distributed to USF for its one-sixth interest in Parcel 1, leaving a balance of \$1,351,673 (\$1,404,147 less \$52,474) which will accrue to City departments.

- 5. The Real Estate Department advises that the proceeds from the sale of the four above-noted parcels of City-owned surplus property, which total \$1,664,000, will be deposited in the City's Realty Trust Fund upon the close of each sale (expected to be in February of 1996).
- 6. As previously noted, the \$314,844 in net proceeds from the Pine Street property (Parcel 1) will be expended in accordance with the will of Mr. John B. Fortunio, as follows: (a) \$104,948 (one-third) by Laguna Honda Hospital and \$104,948 (one-third) by the SFGH AIDS Ward for food, clothing, medicine, entertainment equipment and other articles; and (b) \$52,474 (one-sixth) by the Public Library and \$52,474 (one-sixth) by USF for books, capital improvements, the improvement of library facilities and/or the acquisition of audio-visual equipment.
- 7. The remaining \$1,089,303 (\$1,404,147 less \$314,844) in net proceeds, to be distributed to DPW (\$86,422) and the Police Department (\$1,002,881), can only be used either to acquire additional property for the City or to pay for capital

## BOARD OF SUPERVISORS BUDGET ANALYST

improvements, subject to future appropriation approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

Memo to Budget Committee December 13, 1995 Meeting of Budget Committee

#### Item 4 - File 293-95-1

Department:

San Francisco Law Library

Item:

Resolution increasing civil filing and appearance fees provided in State Business and Professions Code Section 6322.1 for operation of the Law Library.

Description:

The proposed resolution would increase the fees paid by all parties to a civil suit by \$3 per filing, effective January 1, 1996. The revenues from the \$3 fee increase would be remitted by the Trial Courts to the San Francisco Law Library.

Law Library civil filing fees currently total \$18 per filing. The Law Library civil filing fees are a portion of the total civil filing fees of \$182 in Superior Court and \$80 in Municipal Court, that are paid to start or to respond to a civil law suit. Under the proposed resolution, the civil filing fees allocated by the Trial Courts to the Law Library would increase by \$3, from \$18 to \$21, thereby increasing total civil filing fees from \$182 to \$185 in Superior Court and from \$80 to \$83 in Municipal Court.

Ms. Marcia Bell of the Law Library projects that the proposed \$3 increase in civil filing fees will generate approximately \$140,919 annually in increased fee revenue (\$3 x 46,973 projected annual civil filings and appearances). Ms. Bell advises that there were a total of 47,415 civil filings in the San Francisco Trial Courts in FY 1994-95, which generated a total of \$853,470 in filing fee income for the Law Library. Ms. Bell states that her estimate of 46,973 civil filings for FY 1995-96 assumes a modest reduction (442) in the number of civil filings from last year, although she states that this amount could be significantly less if there is a decline in filings as substantial as that from FY 1993-94 to FY 1994-95 (2,816 less filings and \$50,678 less fee income). In FY 1995-96, the proposed fee increase would be effective for six months, and would generate an estimated \$70,459.

Comments:

1. Ms. Bell advises that County law libraries are established in accordance with State law. Ms. Bell reports that State Business and Professions Code Section 6322.1 permits the Board of Supervisors to annually increase the Law Library civil filing fee by \$3 per filing, as long as the increase is excluded from the definition of the total civil filing fee. Ms. Bell states that, if the fee increase was included in the definition of the total civil filing fee, the effect would be to reduce the portion of the total civil filing fee transmitted to

the State Controller for deposit in the Trial Court Trust Fund. The intent of Section 6322.1 is to permit a Law Library fee increase without affecting the Trial Court Trust Fund.

- 2. Ms. Bell reports that Law Library civil filing fees were last increased in 1990, when they were increased by \$6, from \$12 to \$18. At that time, Law Library staff projected that the \$6 increase would provide adequate revenues to support Law Library operations until 1995. Ms. Bell advises that, if the proposed \$3 fee increase is approved, she does not know for how many years the new \$21 fee would provide adequate income for the Law Library, so she cannot predict in what year the next fee increase would be requested.
- 3. Mr. John Madden of the Controller's Office advises that the Law Library is a quasi-public institution. As such, Mr. Madden reports that State law establishes that civil filing fee revenues are to be disbursed by the Law Library Board of Trustees. An annual General Fund contribution to support of the Law Library is approved by the Board of Supervisors, but the rest of the Law Library's budget is subject only to approval by the Law Library Board of Trustees. In FY 1995-96, Ms. Bell states that total Law Library budgeted revenues are as follows:

Revenue Source	Projected FY 1995-96 Amount
General Fund	\$247,887
Civil Filing Fees	845,515
Inter-Library Loan Fees	42,430
Photocopy Fees	17,600
Earnings on Reserve Fund*	<u>12,723</u>
TOTAL PROJECTED REVE	NUES \$1,166,155

\*Ms. Bell states that all Law Libraries in California maintain reserve investments, which are part of their capital assets.

The FY 1995-96 General Fund budget, as previously approved by the Board of Supervisors, is \$247,887. The non-General Fund portion of the Law Library's budget totals \$918,268 (\$1,166,155 less \$247,887). Ms. Bell reports that the Law Library's FY 1995-96 non-General Fund budget, as approved by the Law Library Board of Trustees, assumes non-General Fund expenses of \$971,717, which leaves a \$53,449 operating deficit (\$971,717 less \$918,268).

The Budget Analyst does not review this non-General Fund portion of the Law Library's budget, and therefore cannot verify the accuracy of these figures, or the existence of an operating deficit.

Ms. Bell states that the Law Library Board of Trustees assumed that a civil filing fee increase would be implemented this fiscal year to make up for this projected deficit. The \$53,449 projected deficit would be offset by the projected \$70,459 in six-months' revenues that could be generated by the proposed fee increase in FY 1995-96. Ms. Bell states that the balance of \$17,010 (\$70,459 revenues less \$53,449 projected deficit) would be used to help defray the costs of the legal Reference Room that was opened in the County Courthouse in the summer of 1995. (See Comment No. 5.)

- 4. Ms. Bell states that the proposed fee increase, which would generate an estimated \$140,919 annually (\$70,459 for six months of FY 1995-96), is necessary because of extraordinary inflation in legal publication prices, as well as because of a decline in fee revenues due to a drop in the number of civil suits filed.
- 5. Ms. Bell states that the Law Library has submitted a request to the Mayor for a \$45,000 General Fund supplemental appropriation in order to support operation of a new Reference Room at the County Courthouse that was opened in the summer of 1995. Funds (in the amount of \$44,035) for operation of this Reference Room were originally requested by the Law Library as part of the FY 1995-96 budget process, but were denied by the Mayor's Office. (Ms. Bell advises that the amount has increased from \$44,035 to \$45,000 because the Law Library has found that it will have to purchase more reference materials to supplement donated materials.) Ms. Bell states that approval of the proposed civil filing fee increase would not eliminate the need for that proposed supplemental appropriation, although it might reduce the size of the requested pending supplemental appropriation.
- 6. Ms. Bell further states that the Law Library needs to convert its manual library systems to standard automated systems, such as cataloging, technical services, accounts payable, etc. Ms. Bell advises that the Law Library has submitted a request to the Mayor for a \$40,578 second General Fund supplemental appropriation to fund the first phase of such automation. According to Ms. Bell, approval of the proposed civil filing fee increase would not eliminate the need for the pending second supplemental appropriation.

Memo to Budget Committee December 13, 1995 Meeting of Budget Committee

7. Ms. Bell advises that, although the proposed \$3 civil filing fee increase will not provide adequate revenues to avoid the above-mentioned two pending requests for supplemental General Fund support, the Law Library is not requesting a higher fee increase because State law requires that Law Library civil filing fee increases over \$3 (to a maximum of \$5) be implemented by reducing other civil filing fees now paid to the Trial Court Trust Fund, rather than by increasing the total fee charged to the public.

Recommendation:

Approval of the proposed civil filing fee increase for the Law Library is a policy matter for the Board of Supervisors.

#### Item 5 - File 23-95-7

Department:

Controller's Office

Item:

Resolution waiving the statute of limitations with respect to payment of nine warrants of the City and County of San Francisco, in the sum of \$16,990.39, a legal obligation of the City and County of San Francisco.

Description:

According to Section 10.182 of the Administrative Code, a warrant issued by the City becomes void one year from the date issued. The payee of the warrant may present the warrant to the Controller for payment, up to three years from the date it was rendered invalid or four years from the original date. After that point, the Controller may no longer pay such a warrant because the statute of limitations has expired, unless approval is obtained from the Board of Supervisors.

The proposed resolution would waive the statute of limitations and would authorize the Controller's Office to replace nine warrants, issued by the Department of Public Health to Dr. Willie R. McDaniel, in the following amounts:

Pausa	Warrant	Date Issued	Amount
Payee	No.	Issued	Amount
McDaniel, Willie	515-5000915	6/30/78	\$6,869.82
	515-5008836	9/17/85	3,396.24
	550-2589649	12/14/88	225.83
	516-3774899	12/20/88	1,752.01
	516-4431709	8/1/89	1,760.00
	550-2689260	8/1/89	381.09
	550-2962869	7/31/90	493.17
	516-5454054	7/31/90	1,759.99
	550-3193426	7/30/91	352.24
	TOTAL		\$16,990.39

#### Comments:

- 1. According to Mr. Honorato Layug of the Controller's Office, Mr. McDaniel reported that he never received the above-listed warrants, and Mr. Layug confirms these warrants were never cashed. Therefore, these warrants were canceled by the Controller's Office, according to Mr. Layug.
- 2. Mr. Layug advises that there are sufficient funds in the Warrants Account of the FY 1995-96 General City Responsibilities Budget to replace the subject warrants.

Recommendation: Approve the proposed resolution.

Harvey M. Rose

Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakey

## MINUTES REGULAR MEETING BUDGET COMMITTEE BOARD OF SUPERVISORS CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, DECEMBER 20, 1995 - 1:00 P.M.

ROOM 410, VETERANS BUILDING 401 VAN NESS AVENUE

MEMBERS: SUPERVISORS HSIEH, KAUFMAN, BIERMAN

DOCUMENTS DEPT

CLERK: GREGOIRE HOBSON

AUG 27 1996 . SAN FRANCISCO PUBLIC LIBRARY

TIME MEETING CONVENED: 1:05 P.M.

#### **PUBLIC HEARING**

1. File 100-95-12. [Joint Report of Controller and Budget Analyst] Hearing to consider the joint report of the Controller and Budget Analyst, estimating the long-term budget impacts federal cuts will have on San Francisco's budget over the next seven (7) to nine (9) years. (Supervisor Hsieh)

(Consideration Continued from 12/13/95)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO JANUARY 3, 1996, MEETING.

VOTE: 3-0.



### FISCAL ITEMS

File 101-95-29. [Appropriation, Sheriff Department] Ordinance appropriating \$25,545, Sheriff Department, of Jail Overcrowding Fine Revenue to professional services to fund the Supervised Misdemeanor Release Program to reduce jail overcrowding for fiscal year 1995-96; placing \$25,545 on reserve. (Controller) RO #95092

SPEAKERS: ELECTED OFFICIAL: Honorable Michael Hennessey, Sheriff. DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to \$19,218. AMENDED TITLE: "Ordinance appropriating \$19,218, Sheriff Department, of Jail Overcrowding Fine Revenue to professional services to fund the Supervised Misdemeanor Release Program to reduce jail overcrowding for fiscal year 1995-96; placing \$19,218 on reserve."

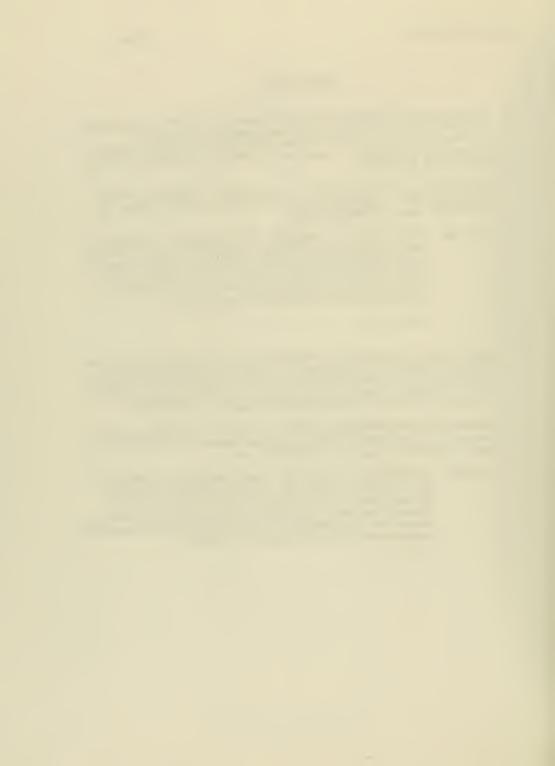
VOTE: 3-0.

3. File 101-95-30. [Appropriation, Medical Examiner] Ordinance appropriating \$148,281 and \$42,291, Medical Examiner, from General Fund Reserve and \$106,000 from contractual services, to salaries and fringe benefits to create three (3) positions to continue body removal services for fiscal year 1995-96. (Controller) RO #95091 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst. Dr. Boyd Stephens, Medical Examiner/Coroner. IN SUPPORT: Jose Medina, representing Local 790. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce \$148,281 to \$114,799. AMENDED TITLE: "Ordinance appropriating \$114,799 and \$42,291, Medical Examiner, from General Fund Reserve and \$106,000 from contractual services, to salaries and fringe benefits to create three (3) positions to continue body removal services for fiscal year 1995-96."

VOTE: 3-0.



 File 102-95-7. [Salary Ordinance Amendment, Medical Examiner] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96) reflecting the addition of three positions (Class 2580 Coroner's Investigator) in the Medical Examiner-Coroner's Office. (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst. Dr. Boyd Stephens, Medical Examiner/Coroner. IN SUPPORT: Jose Medina, representing Local 790. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

File 101-95-31. [Appropriation, Mayor's Office of Community Development]
 Ordinance appropriating \$172,620, Mayor's Office of Community Development
 of Dispute Resolution Program Funds to continue contracts for dispute
 resolution services in fiscal year 1995-96; providing for ratification of action
 previously taken. (Controller) RO #95093

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

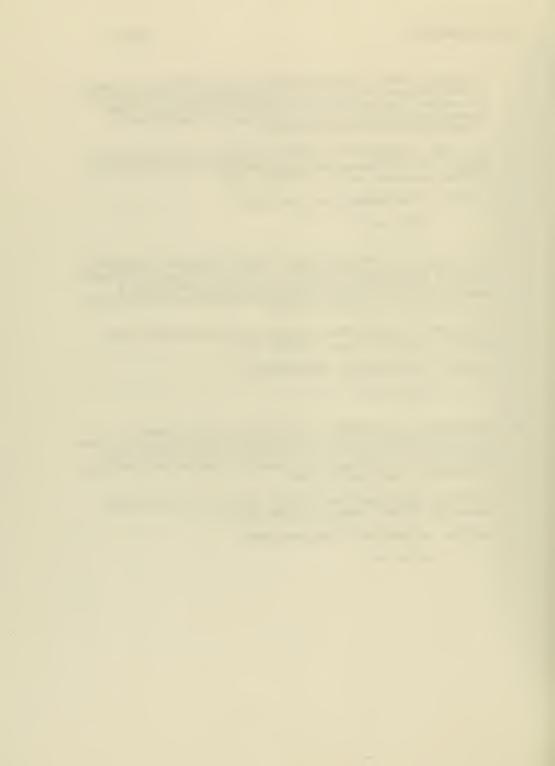
VOTE: 3-0.

File 101-95-32. [Appropriation, Various Departments] Ordinance appropriating \$200,000, Offices of Chief Administrative Officer, City Attorney and Controller from various Bond Fund Proceeds (1992 Golden Gate Park Irrigation Bonds and Earthquake Safety Bonds) for bond issue costs for fiscal year 1995-96. (Controller) RO #95037

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.



 File 101-95-33. [Appropriation, Police Department] Ordinance appropriating \$398,676, Police Department, of Traffic Offender Fund Revenues to salaries, fringe benefits, contractual services, materials and supplies, equipment and services of other departments to conduct a traffic safety program for fiscal year 1995-96. (Controller) RO #95094

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Debra Newman, representing Budget Analyst; Harvey Rose, Budget Analyst; Captain John Gleeson, Police Department. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO THE CALL OF THE CHAIR.

VOTE: 3-0.

8. File 101-95-34. [Appropriation, Department of Public Health, Department of Social Services] Ordinance appropriating and rescinding \$643,091, Department of Public Health and Department of Social Services, of General Funds to salaries, fringe benefits, professional services, materials and supplies and adjusting revenues for the creation of two (2) positions and the deletion of nine (9) positions at the Department of Public Health, and the creation of fourteen (14) positions and the deletion of seven (7) positions at the Department of Social Services to reorganize the SSI One Stop Shop Program for fiscal year 1995-96. (Controller) RO #95096 (COMPANION TO THE FOLLOWING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst: IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

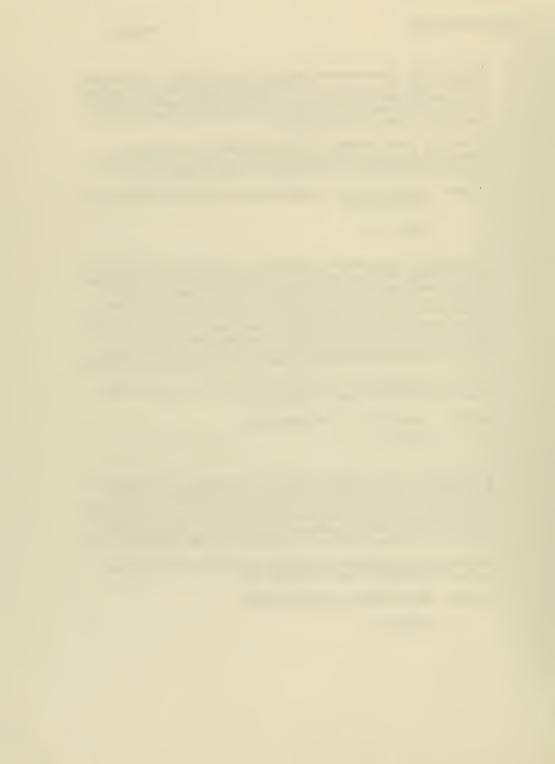
VOTE: 3-0.

9. File 102-95-8. [Salary Ordinance Amendment, Department of Public Health, Department of Social Services] Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995/96) reflecting the addition of two (2) positions and the deletion of nine (9) positions and the addition of fourteen (14) positions and the deletion of seven (7) positions at the Department of Social Services. (Department of Human Resources) (COMPANION TO THE PRECEDING FILE)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst: IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD, RECOMMENDED.

VOTE: 3-0.



### **GENERAL ITEM**

10. File 82-95-4. [Sale of Easement] Ordinance authorizing conveyance of easement over Water Department Right-of-Way in Santa Clara County pursuant to settlement approved by Public Utilities Commission. (Real Estate Department)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst: IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD, RECOMMENDED.

VOTE: 3-0.

TIME MEETING ADJOURNED: 2:00 P.M.



Attn: Kate Wingerson

C-07

20/95

CITY AND COUNTY



OF SAN FRANCISCO

### BOARD OF SUPERVISORS

### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642 FAX (415) 252-0461

December 15, 1995

TO:

Budget Committee

FROM:

Budget Analyst Re - - - for my of

SUBJECT: December 20, 1995) Budget Committee Meeting

### Item 1 - File 100-95-12

Note: This item was continued by the Budget Committee at its meeting of December 13, 1995.

This item is a hearing concerning the long-term budget impacts that Federal budgetary reductions will have on the budget of the City and County of San Francisco over the next seven to nine years.

The Controller and the Budget Analyst will orally advise the Committee on any updated information obtained regarding the impacts which pending Federal budgetary reductions will have on San Francisco.

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Memo to Budget Committee December 20, 1995

### Item 2 - File 101-95-29

Department:

Sheriff's Department

Item:

Ordinance appropriating \$25,545 of Jail Overcrowding Fine Revenue to professional services to fund the Supervised Misdemeanor Release Program to reduce jail overcrowding for FY 1995-96; placing \$25.545 on reserve.

Amount:

\$25,545

Source of Funds:

Jail Overcrowding Fine Revenue

Description:

The FY 1995-96 Sheriff's Department budget included \$81,000 to fund the Supervised Misdemeanor Release Program, a program operated by the non-profit agency Center for Juvenile and Criminal Justice (See Attachment for budget detail). The Supervised Misdemeanor Release Program is one of several programs funded by the Sheriff's Department to reduce jail overcrowding. The goal of the Supervised Misdemeanor Release Program is to (1) screen incustody misdemeanor cases to determine which of these cases can be safely released from jail prior to a pending court hearing date, and then (2) supervise these released individuals in order to ensure that they attend their scheduled court hearings.

The Sheriff's Department is requesting a supplemental appropriation for \$25,545, to support the expansion of the Supervised Misdemeanor Release Program, in order to reduce jail overcrowding. Sergeant Ridgeway of the Sheriff's Department advises that as of June of 1995, the Sheriff's Department no longer releases pre-trial inmates on their own recognizance (i.e. without supervision). The expansion of the Supervised Misdemeanor Release Program would provide the necessary supervision to allow those pre-trial inmates to be released under supervision.

<sup>&</sup>lt;sup>1</sup> Sergeant Ridgeway advises that prior to June of 1995, in order to reduce jail overcrowding, the Federal Court authorized a waiver of State law permitting the Sheriff's Department to release pretrial inmates on their own recognizance. However, as noted above, the Sheriff's Department has not been releasing pre-trial inmates on their own recognizance since June of 1995 because the inmate population has not exceeded court approved limits.

The proposed funding would be expended as follows:

Personnel 1.0 FTE Caseworker	\$11,458	
Fringe Benefits (21 percent)	2,406	
Back-up Caseworkers (219 hrs @ \$12 per hour)	2,628	
	,	
Fringe Benefits (12 percent) Subtotal Personnel	<u>315</u>	\$16,807
Operating Expenses		
File Cabinet		200
Subtotal Direct Costs		\$17,007
Administrative Overhead (13 per	cent)	2,211
TOTAL		*\$19,218

<sup>\*</sup> The amount of \$19,218 is \$6,327 less than the requested amount of \$25,545 because the funding period has been reduced (See Comment No. 1).

### **Comments:**

- 1. The requested amount of \$25,545 for the proposed supplemental appropriation was based on a funding period beginning November 1, 1995 through June 30, 1996 (eight months). The requested amount of \$25,545 should be reduced by \$6,327 to \$19,218 to reflect a reduced time period beginning January 16, 1996 through June 30, 1996 (5.5 months). Therefore the proposed supplemental appropriation ordinance should be amended to reflect a reduction of \$6,327 from \$25,545 to \$19,218.
- 2. Since September of 1992, the City has been held in contempt by the U.S. District Court for overcrowding in the sixth floor jail of the Hall of Justice. Since September of 1992, the City has been ordered by the Court to pay fines of \$300 per day for every inmate over a Court-imposed population limit of 426 inmates for the sixth floor at the Hall of Justice facility, resulting in the payment of \$2,547,900 in contempt fines, as of November of 1994. In November of 1994, the U.S. District Court ruled that the fee imposed for jail overcrowding would be increased from \$300 per inmate per day to \$2,500 per inmate per day as of December 1, 1994. Chief DeSousa of the Sheriff's Department advises that the Sheriff's Department has not incurred any jail overcrowding fines since November 30, 1994.

Jail Overcrowding Fine Revenues are generated from the fines paid by the City and County of San Francisco to a Federally-assigned escrow account. According to a Federal Court order, these revenues are to be expended exclusively on alleviating jail overcrowding. According to Mr. Matthew Hymel of the Controller's Office, there is currently a balance of approximately \$71,000 in this account (prior to this request of \$19,218).

- 3. Sergeant Ridgeway advises that although the Sheriff's Department does not anticipate that the City will have to pay any additional fines for exceeding the jail's Court-imposed population limit in the future, the Supervised Misdemeanor Release Program is an important component in the efforts of the Sheriff's Department to reduce jail overcrowding, particularly during peak-times, such as weekends.
- 4. The proposed ordinance would reserve the entire supplemental appropriation pending authorization by the Special Master to the Courts, Mr. Alan Breed, in accordance with a Federal Court mandate. Mr. Hymel advises that the Special Master intends to authorize the expenditure of Jail Overcrowding Fines after the proposed supplemental appropriation is approved by both the Board of Supervisors and the Mayor.

- Recommendations: 1. Amend the proposed supplemental appropriation ordinance by reducing the request by \$6,327 from \$25,545 to \$19,218.
  - 2. Approval of the proposed supplemental appropriation ordinance, as amended, is a policy matter for the Board of Supervisors.

### Attachment

# CENTER ON JUVENILE AND CRIMINAL JUSTICE SUPERVISED MISDEMEANOR RELEASE PROGRAM

PERSONNEL		FY 94/95
Program Director	40 hr/wk @ \$36,780	\$36,780
Caseworker	24 hr/wk @ \$25,000	\$15,000
Administrative Assistant	4 hr/wk @ \$24,000	\$2,400
	Subtotal	\$54,180
Fringe	21%	\$11,378
Back-up Caseworkers	146 hr @ \$10/hr	\$1,460
Fringe	12%	\$175
	Total Personnel	\$67,193
PROGRAM EXPENSES		
Travel	\$30 per mon	\$360
Recruitment		\$365
Staff Training		\$648
Phone	\$5 per mon	\$60
Postage/Fax/Delivery	\$5 per mon	\$60
Printing/Reproduction	Business Cards & Forms	\$345
Office Expenses	\$30 per mon	\$360
Equipment Lease/Maintenance	\$10 per mon per staff	\$360
Rent		\$1,520
Liability Insurance		\$90
Publications/Subscriptions		\$300
License/Fees		\$20
	Total Program Expenses	\$4,488
	Direct Expense Subtotal	\$71,681
General & Administrative	13%	\$9,319
	TOTAL EXPENSES	\$81,000

12/13/95

### Items 3 and 4 - Files 101-95-30 and 102-95-7

Department:

Medical Examiner/Coroner

Items:

Item 3, File 101-95-30 - Supplemental appropriation ordinance appropriating \$148,281 for salaries, overtime, premium pay, holiday pay, temporary salaries and fringe benefits for three new positions in the Medical Examiner's Office in order to continue providing body removal services.

Item 4, File 102-95-7 - Ordinance amending the 1995-96 Annual Salary Ordinance to reflect the addition of three new positions in the Medical Examiner's Office.

Amount:

\$148,281

Source of Funds:

General Fund Reserve \$42,281

Reappropriation of funds from Non-Personal Services

in the Medical Examiner's FY 1995-96 budget 106,000 Total \$148,281

Description:

The proposed supplemental appropriation ordinance would provide funds for permanent salaries, overtime, premium pay, holiday pay, temporary salaries and fringe benefits for three new Coroner Investigator positions in order to continue providing body removal services, as follows:

Permanent Salaries	\$76,410
Overtime	10,154
Premium Pay	8,643
Holiday Pay	5,219
Temporary Salaries	31,045
Fringe Benefits	_16,810
Total Supplemental Request	\$148,281

In addition, the proposed ordinance would amend the 1995-96 Annual Salary Ordinance to reflect the addition of three new Coroner Investigator positions, as follows:

			Maximum
No. of		Biweekly	Annual
Positions	<u>Title</u>	Salary	<u>Salary</u>

3 Coroner Investigator \$1,714 - \$2,084 \$54,392

The Medical Examiner's Office is responsible for the transfer of decedents in San Francisco who experience violent or unnatural death from the place of death to the Medical Examiner's Office. The Medical Examiner first requested

Memo to Budget Committee December 20, 1995

Proposition J certification for an outside contractor to provide body removal services in 1994. According to Mr. Herbert Hawley of the Medical Examiner's Office, Proposition J certification was requested because (a) the Medical Examiner's Office did not have sufficient staff to perform body removal services in an efficient manner and (b) contracting out for such services would result in an estimated annual savings of \$70,283 to \$106,143 to the City, according to the Controller's 1994 Proposition J certification.

In 1994, the Board of Supervisors approved a resolution concurring with the Controller's certification that body removal services for the Medical Examiner could be practically performed by a private contractor at a lower cost than similar services performed by City employees. As a result, the Medical Examiner, through a Request for Proposal (RFP) process, selected Coleman's Funeral Services, an MBE firm, to perform body removal services for the Medical Examiner during FY 1994-95. Coleman's Funeral Services does not provide health insurance for its employees. The contract with Coleman's Funeral Services expired on August 13, 1995.

For FY 1995-96, the Medical Examiner was considering awarding a new contract for body removal services to Alternative Funeral Services, an MBE firm, which was the lowest of four bidders. Alternative Funeral Services also does not provide health insurance for its employees. The Controller determined that continuing to contract out for body removal services would result in estimated savings to the City of between \$20,969 and \$46,465 for FY 1995-96. However, a resolution which would have authorized the Medical Examiner to continue contracting out for such services during FY 1995-96 did not receive approval from the Board of Supervisors.

Prior to receiving Proposition J certification in 1994, body removal services were performed by the equivalent of 3.0 FTE Coroner Investigators. Upon approval of the Proposition J certification by the Board of Supervisors in 1994, three Coroner Investigator positions were eliminated from the Medical Examiner's budget. However, no lay-offs occurred because these three positions had been recently vacated through normal attrition.

According to Mr. Hawley, since the contract with Coleman's Funeral Services expired on August 13, 1995, six as-needed temporary Coroner Investigator positions have been providing body removal services. Mr. Hawley further advises

Memo to Budget Committee December 20, 1995

that personnel dedicated to other functions, including the Medical Examiner, have also participated in providing body removal services.

Since a Proposition J outside contract has not been approved by the Board of Supervisors, this supplemental appropriation request would provide funding to permanently conduct body removal services on an in-house, Civil Service basis. The funding requested includes (a) \$76,410 for permanent salaries for three new Coroner Investigator positions at Step I (\$1,714 per pay period) for approximately 14.9 pay periods (see Comment No. 2); (b) \$24,016 for related overtime, premium pay and holiday pay costs associated with providing body removal services on a 24-hour, seven days per week basis; (c) \$31,045 for temporary salaries to reimburse the Medical Examiner for the cost of the as-needed Coroner Investigators who have provided body removal services since the expiration of the contract on August 13, 1995; and (d) \$16,810 for related fringe benefits.

### Comments:

- 1. During the FY 1995-96 budget review, the Board of Supervisors placed \$106,000 on reserve in the Medical Examiner's budget, pending approval of Controller's Proposition J certification for the new contract for body removal services. The proposed supplemental appropriation ordinance would reappropriate this \$106,000 from Non-Personal Services so that these funds can be used to partially fund this supplemental appropriation request. The remaining \$42,281(\$148,281 less \$106,000) in proposed funding for this supplemental appropriation request would come from the General Fund Reserve.
- 2. The Medical Examiner's Office advises that the three requested new positions were anticipated to start on approximately December 1, 1995. However, the Medical Examiner now anticipates a start date for these three new positions of approximately January 5, 1996.
- 3. Based on information provided by the Medical Examiner's Office, the Budget Analyst has performed a detailed analysis of the Medical Examiner's actual and projected expenditures necessary to provide body removal services on an in-house, Civil Service basis for FY 1995-96. Although the Medical Examiner's Office has requested \$148,281 in the subject supplemental appropriation request to provide such services, the Budget Analyst has determined that the estimated funding need is approximately \$114,799, or \$33,482 less than the amount contained in this supplemental appropriation request. According to Mr. Hawley, the Medical Examiner's

Office concurs with the Budget Analyst's estimate of \$114,799.

4. In summary, the Budget Analyst recommends the following reductions in the proposed supplemental appropriation ordinance:

Category	Supplemental Appropriation Request	Amount Recommended by Budget <u>Analyst</u>	Budget Analyst's Recommended <u>Reduction</u>
Permanent Salaries	\$76,410	\$59,157	\$17,253
Overtime	10,154	7,861	2,293
Premium Pay	8,643	6,691	1,952
Holiday Pay	5,219	4,041	1,178
Temporary Salaries	31,045	24,035	7,010
Fringe Benefits	16,810	13,014	3,796
Total	\$148,281	\$114,799*	\$33,482

<sup>\*</sup> According to Mr. Hawley, the Medical Examiner's Office may have to transfer funds between the above accounts, depending on the Medical Examiner's actual funding needs in each account, subject to the approval of the Controller's Office.

- Recommendations: 1. Reduce the proposed supplemental appropriation ordinance by \$33,482, from \$148,281 to \$114,799, as illustrated in Comment No. 4 above.
  - 2. Approve the proposed supplemental appropriation ordinance, as amended.
  - 3. Approve the proposed ordinance, which would amend the 1995-96 Annual Salary Ordinance to reflect the addition of three new Coroner Investigator positions.

Memo to Budget Committee December 20, 1995 Budget Committee Meeting

### Item 5 - File 101-95-31

Department:

Mayor's Office of Community Development

Item:

Supplemental appropriation ordinance for \$172,620 of Dispute Resolution Program Funds to continue contracts for dispute resolution services in FY 1995-96 and providing for ratification of action previously taken.

Amount:

\$172,620

Source of Funds:

Court fees deposited into the Dispute Resolution Program Fund

Description:

The Dispute Resolution Program Fund was established by the Board of Supervisors in 1986 (Ordinance No. 494-86) to provide an alternative means for the resolution of disputes. It is part of a Statewide effort to provide a less costly alternative to litigation through arbitration and mediation. The Program has been funded by a set-aside of \$3.00 in court filing fees paid to the San Francisco Trial Courts.

In August, 1995, the Board of Supervisors approved a supplemental appropriation for \$33,522, or \$16,761 per month for the Dispute Resolution Program to extend services for a two month period from July 1 through August 31, 1995. The proposed supplemental appropriation ordinance would continue the funding of the City's Dispute Resolution Program from September 1, 1995 through June 30, 1996, a ten month period.

The proposed supplemental appropriation of \$172,620 would be expended for the balance of the ten months in Fiscal Year 1995-96 at a cost of \$17,262 per month for the continuation of the following three professional services contracts awarded to nonprofit agencies and the Mayor's Office administrative oversight of this Program:

Professional Services

Community Board Program, Inc. \$86,250
California Community Dispute Services 73,030
California Lawyers for the Arts 8,340
Subtotal \$167,620

MOCD Administration	<u>\$ 5,000</u>
Total for Ten Months (Subject of this item)	\$172,620
Previous Supplemental for Two Months	<u> 33,522</u>
Total for FY 1995-96	\$206,142*

\*Includes \$201,142 for contractor costs and \$5,000 for administrative expenses.

The proposed ordinance also provides for ratification of action previously taken because the contractors have incurred costs while continuing to provide their dispute resolution services since September 1, 1995.

### Comments:

- 1. According to Ms. Barbara Kolesar of the Mayor's Office of Community Development, the Mayor's Office has signed two year contracts with each of the three Dispute Resolution Program contractors which extend from September 1, 1995 through August 31, 1997. However, because funding can only be committed on a fiscal year basis, the proposed supplemental appropriation would only extend through June 30, 1996.
- 2. The current fund balance in the Dispute Resolution Program Fund is approximately \$50,000. However, Ms. Susan Andrus of the Controller's Office reports that based on FY 1994-95 actual revenues received, the Controller's Office estimates that the Dispute Resolution Program will receive the necessary additional \$122,620 by the end of March, 1996, to fund the proposed \$172,620 (\$50,000 plus \$122,620) supplemental appropriation.
- 3. The Mayor's Office reports that based on the two-year contracts signed with each of the three contractors, the average cost per case and the estimated number of cases to be handled by each of the three nonprofit agency contractors during the ten month period of the proposed supplemental appropriation are as follows:

Nonprofit Agencies	Number	Cost	Total
	of Cases	per Case	<u>Cost</u>
Community Board Program, Inc. Calif. Comm. Dispute Services	969	\$89	\$86,250
	830	88	73,030
California Lawyers for the Arts	167	50	8,340

- 4. According to Ms. Kolesar, the California Lawyers for the Arts is only proposed to receive \$8,340, because the California Lawyers for the Arts only deal with disputes involving artists and their disputes tend to involve less complex cases.
- 5. In addition to the \$167,620 for the three nonprofit agencies, an amount of \$5,000 is being requested for administrative expenses for MOCD. In FY 1994-95, the MOCD received ten percent of the total contractor's program costs to cover the costs of administration. Based on the 12-month total program cost of \$206,142 for FY 1995-96, a ten percent administrative expense for the MOCD represents approximately \$20,614. However, the requested \$5,000 represents an administrative expense of only 2.5 percent of the total contractor's program cost of \$201,142.
- 6. Ms. Kolesar acknowledges that the amount included in the proposed supplemental appropriation is in error since the requested \$5,000 for administrative expenses will not be sufficient to cover the actual costs incurred by MOCD for the Dispute Resolution Program. However given that the three nonprofit agency contractors have been providing their Dispute Resolution Program services since September, 1995 without compensation, Ms. Kolesar requests that the proposed supplemental appropriation be approved, as submitted, and states that the MOCD will request another supplemental appropriation later in FY 1995-96, when it is determined that there will be sufficient revenues to cover all of the nonprofit agency contractor's costs and the MOCD's actual administrative expenses. MOCD estimates that their administrative expenses for FY 1995-96 will be approximately \$13,500, or 6.7 percent of the contractor's program expenses of \$201,142. MOCD administrative expenses of \$13,500 would require an additional supplemental appropriation of \$8,500 (total cost of \$13,500 less \$5,000 contained in this request). According to Ms. Andrus, it is estimated that additional Court fees will be deposited into the Dispute Resolution Fund by the end of fiscal year 1995-96 to cover these additional administrative expenses.

Recommendation:

Approve the proposed ordinance.



Memo to Budget Committee December 20, 1995 Meeting of Budget Committee

### Item 6 - File 101-95-32

Department:

Chief Administrative Officer (CAO)

City Attorney Controller

Item:

Supplemental appropriation ordinance appropriating \$200,000 for the Offices of the Chief Administrative Officer, City Attorney, and Controller from various Bond Fund Proceeds (1992 Golden Gate Park Irrigation Bonds and Earthquake Safety Bonds) for Bond Issuance costs for FY

1995-96.

Amount:

\$200,000

Source of Funds:

1992 Golden Gate Park Improvements,

Series 1995 B

1990 Public Safety Improvement Projects,

Series 1995A

Total \$200,000

\$112,680

<u>87,320</u>

**Description:** 

The proposed supplemental appropriation ordinance would provide funding for bond issuance costs, including bond counsel costs, rating agency fees, costs incurred by the City Attorney, the CAO and the Controller for general oversight and other directly related bond issuance costs. State law allows up to two percent of a bond sale to be used to fund issuance costs. The proposed supplemental appropriation ordinance for \$200,000 would represent approximately .45 percent of the total sale of \$44,480,000 in previously authorized bonds, including \$26,000,000 in 1992 Golden Gate Park Irrigation Bonds and \$18,480,000 in 1990 Earthquake Safety Bonds, to be used for bond issuance costs. The proposed funds would be allocated as follows:

Department City Attorney	<u>Amount</u> \$65,000
Controller	15,000
CAO	120,000

Total \$200,000

Comments:

1. According to Ms. Stephanie Carlisle of the CAO's Office, the proposed supplemental appropriation ordinance would provide funding for City personnel costs and other costs related to conducting activities, such as drafting the official bond statement, meeting with rating agencies and various other activities related to the bond issuances. Specifically,

the \$120,000 budgeted for the CAO's Office would provide funding for the following:

### **CAO Issuance Costs**

Rating Agency Fees Required fees for bond rating agencies such as Standard & Poors, Moody's Investor Services and Fitch Investor Services.	\$60,000
Printing of Preliminary Official Statement and Official Statement Expenses related to taking bids, and mailing and distribution expenses for prospective bond buyers.	15,000
Advertising	5,000
Expenses for placing a notice of intent to sell the bonds in the <i>San Francisco Independent</i> and for advertising in the <i>Bond Buyer</i> periodical.	
CAO's Office Reimbursement	
Director of Public Finance (@ \$60 per hour for approximately 26 hours)	1,560
Debt Management Assistant (@ \$30 per hour for 500 hours)	15,000
Debt Manager (@ \$40 per hour for 425 hours)	17,000
Other Related Office Expenses	6,440
Total CAO's Office	\$120,000

2. Ms. Carlisle states that the \$65,000 budgeted for the City Attorney's Office would be used as follows:

### CITY ATTORNEY ISSUANCE COSTS

Bond Counsel Series A: Brown & Wood	\$25,000
Series B: Brown & Wood Law Office of Pamela Jue (MBE & WBE)	12,500 12,500
Total Bond Counsel	\$50,000

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> <u>City Attorney Staff Costs</u> Legal services based on an average hourly rate of \$110 per hour for 136.36 hours.

\$15,000

**Total City Attorney Costs** 

\$65,000

Ms. Carlisle reports that the Bond Counsels are paid a flat fee of \$25,000 for the first bond sale (Series A - Earthquake Safety Bonds) and \$25,000 for the second bond sale (Series B - Golden Gate Park Irrigation Bonds). The \$25,000 fee for the Series B Bonds would be divided equally between the firm of Brown and Wood, and the Law Office of Pamela Jue.

3. According to Ms. Carlisle, the \$15,000 budgeted for the Controller's Office would reimburse the Controller for approximately \$10,000 for direct staff time, and \$5,000 would be used to recover a portion of the printing costs associated with the production of the annual financial statements that will be incorporated into the bond sale official statements.

### Controller's Issuance Costs

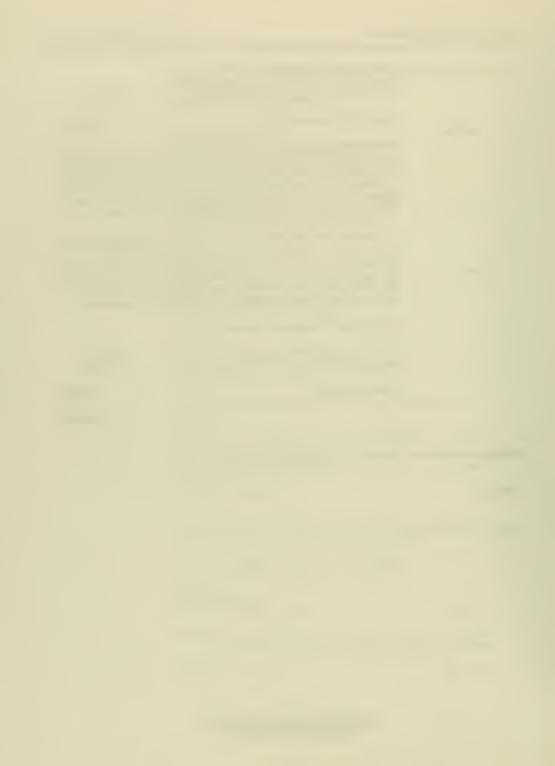
Direct Staff Time \$10,000 Printing 5,000

Total Controller

\$15,000

\$200,000

Recommendation: Approve the proposed ordinance.



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ltem 7 -File 101-95-33

Department: San Francisco Police Department (SFPD)

Item: Supplemental appropriation ordinance of \$398,676 of

Traffic Offender Fund Revenues for salaries, fringe benefits, contractual services, materials and supplies, equipment and services of other departments to conduct a

Traffic Safety Program for Fiscal Year 1995-96.

**Amount:** \$398,676

Source of Funds: Traffic Offender Fund Revenues

**Description:** The proposed supplemental appropriation would fund Police Department expenses to support the San Francisco

Traffic Offender Program (STOP). This request of \$398,676 for the period of July 1, 1995 through June 30, 1996 is for Police Department salaries, overtime, fringe benefits, computer contractual services, printing, data processing supplies, forms, minor furnishings, computer

equipment and the services of two other departments.

The San Francisco Traffic Offender Program (STOP) is a traffic safety program supported by traffic offender fees of \$150 per offense collected by the Police Department from drivers who are arrested, or drive with suspended or revoked licenses. The fee revenues collected are intended to enhance enforcement of the California Vehicle Code by educating Police Officers on the provisions of the Vehicle Code so that they can more easily charge drivers with specific offenses, thereby facilitating prosecution by the

District Attorney's Office.

In July of 1994, the Board of Supervisors approved an ordinance (File 124-94-8) to amend the San Francisco Traffic Code by adding Sections 170.2-A and 170.2-B, which require the payment of an administrative fee to the Police Department by vehicle owners for the towing and impoundment of vehicles if (1) the driver is arrested and taken into custody, (2) the person is driving with a suspended or revoked driver's license, or (3) probable cause exists to believe that the motor vehicle was used to commit a public offense or is evidence in a crime, in accordance with California Vehicle Code Sections 22651 (h) and (p), 22655.5 and 22850.5.

In September of 1994, the Board of Supervisors approved the Police Department's application, acceptance and expenditure of a \$331,994 grant from the California Office of Traffic Safety to cover a portion of the costs of the Traffic Offender Program during the 27-month period from October 1, 1994 through December 31, 1996.

In October of 1994, the Board of Supervisors authorized the establishment of a \$150 fee to be charged to traffic offenders effective December 1, 1994 to reimburse the Police Department for the removal of vehicles impounded as part of the Traffic Offender Program. Revenues from this \$150 fee have been deposited in the Traffic Offender Fund and are the source of funds for the proposed supplemental appropriation.

### **Budget:**

The requested budget for the period from July 1, 1995 through June 30, 1996 is as follows:

Temporary Salaries - Miscellaneous \$6	53,362
	05,338
Mandatory Fringe Benefits	2,916
Computer Contractual Services	37,500
Non-Personal Services - Printing	25,560
Data Processing Supplies - Toner	500
Forms	1,000
Minor Furnishings	45,000
Computer Equipment	8,000
Services of Other Depts -DPW Bldg. Repair	7,500
Services of Other Depts - Electricity	2,000
Total \$39	98,676

### Comments:

1. The Police Department reports that they have been incurring the Temporary Salary and Overtime expenses since the beginning of this fiscal year, which have been paid out of the Police Department's regular General Fund budget. According to Sergeant Bill White of the Police Department, the other non-personnel expenses have not been incurred to date. Once the proposed supplemental appropriation of Traffic Offender Funds is approved, the Police Department reports that the General Fund will be reimbursed for the Traffic Offender Program activities. Because the proposed supplemental appropriation is to cover expenses incurred since July 1, 1995, the proposed ordinance should be amended to indicate that the request for funds covers retroactive payments.

- 2. The Budget Analyst notes that the Police Department originally estimated that \$321,029 of Traffic Offender Funds was anticipated to be spent for a one-year period from October 1, 1995 through September 30, 1996, as reported in the Police Department's grant application to the State Office of Traffic Safety, as submitted to the Board of Supervisors for approval in October of 1994. This previous estimate of \$321,029 is \$77,647 less than the \$398,676 currently being requested for a one-year period. This previous \$321,029 estimate included funds for dedicated District Attorney staff to increase prosecution efforts for the Traffic Offender Program (which have actually been supported by grant funds in FY 1995-96, so are not included in the proposed supplemental), but did not include any funds for Police Department Temporary Salaries, computer contractual services, or the services of other City departments. Furthermore, the previous estimates for costs for Police overtime, printing, other material and supplies and minor furnishings were significantly less than is currently being requested.
- 3. According to Sergeant White, additional funds are currently being requested because when the original State Office of Traffic Safety grant and budget were developed, the Police Department estimated that approximately 2,000 vehicles would be towed under the proposed program each year. Based on those estimates, the Police Department estimated achieving annual revenues of approximately \$300,000 (\$150 fee x 2,000 vehicles). Those estimates were based on the State legislation that was in effect at that time, which <u>permitted</u> the towing of unlicensed driver's vehicles under certain circumstances.

However, Sergeant White reports that as of January 1, 1995, a major State Legislative change was implemented (the State Streets Act of 1994), which required the towing of all vehicles driven by unlicensed drivers, which were stopped for moving violations or other probable cause. This Legislative change has resulted in a significantly greater number of vehicles being towed in San Francisco. According to the Police Department, for calendar year 1995, approximately 6,700 vehicles have been towed because the driver was unlicensed and another approximately 750 vehicles have been towed because the driver was arrested, for a total of approximately 7.450 vehicles towed in San Francisco in 1995 or potential revenues of \$1,117,500 (\$150 fee x 7,450 vehicles). However, the Police Department reports that the \$150 fee is not collected on all towed vehicles because the

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> Department estimates that approximately 30 percent of the towed vehicles are not reclaimed by their owners. Nevertheless, this increased level of activity has resulted in significantly greater work for the Police Department, necessitating the need for additional funds, according to Sergeant White.

- 4. According to Officer Robert Mattox of the Police Department, as of December 12, 1995, the Traffic Offender Fund had a fund balance of \$689,700. If the proposed supplemental appropriation were approved as requested, this would leave a current fund balance of \$291,024 which could be expended through June 30, 1996. Sergeant White reports that beginning in Fiscal Year 1996-97, the Traffic Offender Fund revenues and Police Department annual expenses are being submitted as part of the budget for the Police Department, since this is intended to be an ongoing Police Department Program. Section 170.2-B of the City's Traffic Code provides that at the end of any fiscal year, the balance of the Traffic Offender Fund will be carried forward and accumulated for the next fiscal year's Program.
- 5. Subsection b of the City's Traffic Code Section 170.2-B states that "the appropriation of all monies in the Traffic Offender Fund shall be made exclusively for the purposes of the Traffic Offender Program. . . . Expenditures shall include, but not be limited to, purchase of equipment, contractual services, material and supplies, any other technology necessary to prosecute the case, and personnel costs, including salary and benefits for a Deputy District Attorney and a part-time law clerk, specifically provided to the Program." Although the provisions of the Traffic Code permit personnel costs, and in fact specifically identify the use of Traffic Offender Program Funds for District Attorney personnel purposes, the Budget Analyst notes that most of the requested Police Department personnel costs are for overtime expenses.
- 6. The SFPD is proposing to staff the Traffic Offender Program entirely with Police Officers working on overtime, at an estimated cost of \$205,338 funded from this proposed request. For FY 1995-96 this may be necessary, as the 260 new Police Officer recruits hired as a result of Proposition D will not be assigned on full duty until approximately July 1, 1996. However, since this is intended to be an ongoing program for the Police Department, the SFPD should start including non-overtime staffing for the Traffic Offender Program in its

regular deployment plan as soon as these recruits are working full-duty schedules. The SFPD could potentially start paying Police Officers on straight time beginning in FY 1996-97 to perform duties related to the Traffic Offender Program during their regularly scheduled hours.

A traffic safety operation consists of setting up checkpoints throughout the City in order to stop motorists and check compliance with safety belt, childseat and drunk driving laws, vehicle mechanical failures or revoked or suspended driving privileges. The California Office of Traffic Safety grant requires the SFPD conduct one traffic safety operation per month, and the SFPD has been conducting one traffic safety operation per month since July of 1995. However, the Overtime request for \$205,338 is based on conducting two traffic safety operations per month. The Budget Analyst recommends reducing the SFPD Overtime request by \$83.214 from \$205.338 to \$122.124, which would allow the SFPD to perform the required minimum of one traffic safety operation per month on an annual basis, as required by the grant from the California Office of Traffic Safety, and to perform warrant services related to the Traffic Offender Program.

The Budget Analyst considers approval of an additional \$41,607 (one-half of the \$83,214 above), which would permit the SFPD to perform one additional traffic safety operation per month for the remaining six months of FY 1995-96 from January 1, 1996 through June 30, 1996, to be a policy matter for the Board of Supervisors, because, as noted above, the grantor requires that the SFPD perform only one such operation per month.

7. The requested Temporary Salaries of \$63,362 is to enable the Police Department to create two new tow Hearing Officer positions. Sergeant White reports that two Q2 Police Officers are currently providing this tow Hearing Officer function everyday for approximately five hours per day. If the requested funds are approved, the Police Department proposes to hire two retired Police Officers to provide this function at an hourly rate of \$24.37 per hour, which is the same rate as the current Q2 Police Officers receive.

The Budget Analyst questions the justification for establishing new tow Hearing Officer positions in the Police Department. The Department of Parking and Traffic (DPT) presently has five full-time equivalent

Hearing Officers that conduct hearings everyday for parking violations in the City. In fact, these same DPT Hearing Officers presently conduct other tow hearings, under a work-order arrangement with the Police Department for a total cost of \$40,000 per year. The wages for the Hearing Officers in the Department of Parking and Traffic range from \$17.76 to \$21.54 per hour, or between \$2.83 to \$6.61, or 12 percent to 27 percent less per hour than the \$24.37 per hour currently being proposed for the Police Department.

In addition, since many drivers attempting to reclaim their towed vehicles may have to pay outstanding parking citations prior to the release of their vehicles, it would appear to be more convenient for all of these operations to be located together. Furthermore, the DPT hearing room is located at Howard and 10th Streets, or one block from City Tow, where the towed vehicles would be located. The overhead expenses could also be spread over more Hearing Officer activities for maximum efficiency, rather than creating a new administrative body in the Police Department. This could be of particular benefit with respect to the City's General Fund getting reimbursed for such expenses. Based on preliminary discussions with Mr. John Newlin of the Department of Parking and Traffic, DPT would be interested in pursuing further analysis of using DPT's Hearing Officers for the Police Department's Traffic Offender Program.

Of the requested \$63,362 for Temporary Salaries - Miscellaneous, one-half or \$31,681 should be approved to cover the expenses incurred by the Police Department from July 1, 1995 through December 31, 1995. The remaining \$31,681 should be placed on reserve and not released by the Budget Committee of the Board of Supervisors until the Police Department develops a plan to fully coordinate tow hearing activities with the Department of Parking and Traffic.

8. Mr. Ted Lakey of the City Attorney's Office states that in accordance with the provisions of the City's Traffic Code, Traffic Offender Fund revenues are not prohibited from being used to fund such activities as Tow Hearing Officers in the Department of Parking and Traffic (DPT), or for funding straight time Police Officers, which are currently supported by the General Fund, instead of funding overtime for Police Officers, as is currently proposed in this supplemental appropriation. Therefore, in the professional judgment of the Budget Analyst, the

SFPD should make all attempts to design an efficient program and avoid unnecessary expenditures from the Traffic Offender Fund. Both of these arrangements would be more efficient, less costly and likely to provide better service for the public. However, Mr. Lakey reports that in accordance with Section 170.2-A (c), such decisions are subject to the approval of the Police Commission.

- 9. Minor furnishings for \$45,000 are included for design (\$5,000), handicapped access (\$7,500), creation of a tow hearing room (\$10,000), and modular partitions and office furniture (\$22,500). According to Officer Mattox, the Police Department needs to refurbish space, so that they can locate the proposed tow hearing staff next to the windows where they talk to the public, and transfer an existing room to the data entry people and the District Attorney. The Budget Analyst questions the expenditure of such funds at this time, when existing handicapped access tow hearing facilities are already available through the Department of Parking and Traffic (See Comment 7). This \$45,000 should be denied, until the Police Department has fully coordinated efforts with the DPT to maximize the use of the City's existing facilities.
- 10. Computer contractual services for \$37,500 should also be reduced by \$35,000, permitting \$2,500 for repair and maintenance of the existing computer equipment, printers and fax machine. To date, the Police Department has not identified the contractor to provide the proposed computer contractual services and the Department's computer network needs may be significantly changed if part of the operations are work-ordered to the Department of Parking and Traffic.
- 11. Computer equipment for \$8,000 should be eliminated since these additional funds would be used to purchase another computer workstation, software and networking hardware for the Police Department's proposed tow Hearing Officers. Until a more efficient arrangement has been developed with DPT, these additional funds should not be authorized. Furthermore, the Police Department has reported that the Traffic Offender Program has already purchased four computers, three printers and a sophisticated fax machine.
- 12. The Non-Personal Services Printing costs of \$25,560 are to cover the costs of newspaper advertisements, to inform the public regarding the Police Department's program of towing unlicensed drivers. The costs are based

on one year of advertising at a cost of \$2,130 per month. Given that there are approximately six months remaining in the fiscal year, the proposed \$25,560 can be reduced by one-half to \$12,780.

13. The request for the Services of Other Departments for both the Department of Public Works' Building Repair (\$7,500) and the Department of Electricity (\$2,000) are related to the renovation requests of the Police Department. Until such time that discussions are conducted with the Department of Parking and Traffic and the exact needs of the Police Department are finalized, these funds should not be approved.

### Recommendations:

- 1. Reduce the supplemental appropriation request for Overtime by \$83,214, from \$205,338 to \$122,124, to enable the Police Department to conduct one traffic safety operation per month and the related warrant activities on an overtime basis, as discussed in Comment No. 6 above. Reduce the proposed supplemental appropriation by \$45,000 for Minor Furnishings, \$35,000 for Computer Contractual Services, \$8,000 for Computer Equipment, \$12,780 for Non-Personal Services Printing, \$7,500 for Services of Other Departments DPW Building Repair and \$2,000 for Services of Other Departments Electricity, as discussed in Comments No. 9, 10, 11, 12 and 13 above.
- 2. Approval of an additional \$41,607 for Overtime, which would permit the SFPD to conduct one additional traffic safety operation per month, is a policy matter for the Board of Supervisors, as discussed in Comment No. 6 above.
- 3. Request the SFPD to include non-overtime staffing for the Traffic Offender Program in its regular deployment plan in the FY 1996-97 budget, as discussed in Comment No. 6 above.
- 4. Direct the SFPD to pursue further analysis, with the Department of Parking and Traffic, of using DPT's Hearing Officers and facilities for the Police Department's Traffic Offender Program instead of establishing new tow Hearing Officer positions in the Police Department, as discussed in Comment No. 7 above.

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- 5. Place \$31,681 of the Temporary Salaries Miscellaneous on reserve, subject to the Police Department providing a detailed plan on coordinating tow hearing activities with the Department of Parking and Traffic, as discussed in Comment No. 7 above.
- 6. Amend the proposed ordinance for retroactive actions previously taken.
- 7. In summary, reduce the total request of \$398,676 by \$193,494 to \$205,182 (Recommendation 1 above), reserve a total of \$31,681 (Recommendation 5 above) and approve the proposed ordinance, as amended.



Items 8 and 9 - Files 101-95-34 and 102-95-8

Departments:

Department of Public Health (DPH) Department of Social Services (DSS)

Items:

Item 8, File 101-95-34: Supplemental appropriation ordinance appropriating and rescinding \$643,091, Department of Public Health and Department of Social Services, of General Funds to salaries, fringe benefits and professional services, materials and supplies and adjusting revenues for the creation of two positions and the deletion of nine positions at the DPH, and the creation of fourteen positions and the deletion of seven positions at the DSS, to reorganize the SSI One Stop Shop Program for fiscal year 1995-96.

Item 9, File 102-95-8: Ordinance amending Ordinance No. 256-95 (Annual Salary Ordinance, 1995-96) reflecting the addition of two positions and the deletion of nine positions at the Department of Public Health, and the creation of fourteen positions and the deletion of seven positions at the Department of Social Services.

Amount:

\$643,091

Source of Funds:

Reappropriation of budgeted funds within DPH and DSS; no net change in General Fund appropriation.

Description:

The SSI One Stop Shop Program is a joint project of the Department of Public Health and the Department of Social Services, to assist General Assistance (GA) and medically indigent clients in applying for and receiving Supplemental Security Income (SSI). Establishing SSI eligibility for GA recipients benefits both the client and the County; when GA clients are approved for SSI they become retroactively eligible for Medi-Cal and a higher level of cash assistance than they receive on GA. County costs are reduced, as General Assistance (which is funded 100% by the County) is replaced by SSI and Medi-Cal (which are funded by the State and Federal government). The City and County also receives retroactive reimbursement from Medi-Cal for medical care provided at County clinics to such medically indigent clients who subsequently become eligible for SSI and Medi-Cal through the SSI One Stop Shop Program.

The SSI One Stop Shop Program was initiated in 1994 and became fully operational in early 1995. When the project was conceived, DPH and DSS expected that significant funding for services would be derived from SB-910 Medi-Cal

Administrative Claiming (MAC) funds. However, this source of funding is no longer available from the State and Federal government. DPH and DSS have restructured the program to reduce overall costs and maximize revenues associated with project administration. Many program services can be funded in part by Federal Title XIX funds and the State General Fund if such services are provided by the City and County's Department of Social Services. Therefore, the proposed reorganization includes a shift of positions from DPH to DSS.

The SSI One Stop Shop Program, as approved in the original 1995-96 budget, required a total General Fund contribution of \$922,251. The proposed program reorganization that results from this proposed legislation reduces the overall 1995-96 program budget by \$417,782 (from \$1,720,438 to \$1,302,656) through a reduction in contract professional services and a restructuring of the program and reallocation of staff within DSS and DPH. This cost reduction is offset by a net revenue reduction of \$417,782 (due to the loss of \$499.187 in MAC revenues and an addition of \$81.405 in Federal Title XIX funds). The proposed reorganization would result in a reduction of General Fund contributions to the DPH of \$109,544, and an increase in General Fund contributions to the DSS of \$109,544. Total General Fund contributions for the SSI One Stop Shop Program, under the proposed ordinance, would remain at \$922,251 for Fiscal Year 1995-96.

Item 8, File 101-95-34: This supplemental appropriation would implement the reorganization and expansion of services from January 1, 1996 through July 30, 1996. The proposed ordinance reflects the elimination and addition of positions in both DPH and DSS, the additional Title XIX revenue, and the elimination of the SB-910 (MAC) funds. The proposed ordinance would appropriate and rescind \$643,091 from DSS and DPH as follows:

Dept	Source of Funds	Debit (Rescind)	Credit (Appropriate
DSS	Permanent Salaries-Misc.	(SEE SEE SEE SEE	\$95,225
DSS	Mandatory Fringe Benefits		31,679
DSS	Professional Services		12,000
DSS	Materials and Supplies		_5.000
Subto	tal, Expenditure Increase		\$143,904
DPH	Permanent Salaries-Misc.	\$405,119	
DPH	Nurses-Regular	11,840	
DPH	Premium Pay	1,445	
DPH	Mandatory Fringe Benefits	73,712	
DPH	Professional Services	35,510	
DPH	Other Contractual Services	25,063	
DPH	Materials and Supplies	8,997	
Subto	otal, Expenditure Reduction	\$561,686	
DSS	Revenue Increase (Title XIX)	\$81,405	
DPH	Medi-Cal Revenue Reduction (M	AC)	\$499,187
	TOTAL	\$643,091	\$643,091

Item 9, File 102-95-8: The proposed ordinance would amend the 1995-96 Annual Salary Ordinance to reflect the addition of two positions and the deletion of nine positions at the DPH and the addition of fourteen positions and the deletion of seven positions at the DSS. Therefore there would be a net decrease of seven positions at the DPH and a net increase of seven positions at the DSS. As noted above, for the period from January 1 through June 30, 1996, the proposed position deletions and additions would result in a net General Fund transfer of \$109,544 from the DPH to the DSS. The proposed deletions and additions, and the potential annual budget impact at top salary step, are as follows:

## Department of Public Health:

		# of		Maximum	Annual
		Positions	Bimonthly	Salary	Budget
Classification/Title		Add(Delete)	Salary	Top Step	Impact
2574N	Clinical Psychologist	2	\$2,014-\$2,449	\$63,919	\$127,838
1426A	Senior Clerk Typist	(3)	\$1,120-\$1,355	\$35,366	(106,097)
2230A	Physician Specialist	(3)	\$3,064-\$3,724	\$97,196	(291,589)
2112A	Medical Record Technician	(3)	\$1,394-\$1,580	\$41,238	(123.714)
Total Reduction in Positions					
and Salaries, DPH		(7)			(\$393,562)

#### Department of Social Services

	# of		Maximum	Annual			
	Positions	Bimonthly	Salary	Budget			
Classification/Title	Add(Delete)	Salary	Top Step	Impact			
1408N Principal Clerk	1	\$1,349-\$1,634	\$42,647	\$42,647			
1424N Clerk Typist	3	\$1,022-\$1,237	\$32,286	96,857			
1426N Senior Clerk Typist	1	\$1,120-\$1,355	\$35,366	35,366			
2110N Medical Records Clerk	1	\$1,158-\$1,401	\$36,566	36,566			
2587N Health Worker III	8	\$1,220-\$1,477	\$38,550	308,398			
2912A Social Worker	(7)	\$1,443-\$1,748	\$45,623	(319,360)			
Total Increase in Positions							
and Salaries, DSS	7			\$200,474			
Net Reduction in Positions and Annual							
Salaries for both DPH and DSS	8 0			(\$193,088)			

It should be noted that the figures shown above represent the potential annual budget impact based on the top salary step for each position. These figures therefore do not correspond to the proposed adjustments to the Annual Appropriation Ordinance (File 101-95-34) which are based on current salary rates and include adjustments for salary savings and actual full-time equivalent staffing, for the six month period from January 1 through June 30, 1996.

#### Comments:

- 1. Ms. Julie Murray-Brenman at the DSS reports that nine of the proposed positions to be deleted at the DPH and the DSS are currently filled. She reports that six of these employees would be reassigned to vacant positions in the SSI One Stop Shop Program, in the DSS, while the other three employees would be reassigned to vacant positions in the DSS Adult Service Program. The proposed ordinances would not result in any layoffs, according to Ms. Murray-Brenman.
- 2. The proposed supplemental appropriation (File 101-95-34) includes a net reduction in contract professional services of \$23,510 (a reduction of \$35,510 from the DPH budget and an increase of \$12,000 in the DSS budget). According to Ms. Judy Bley and Mr. Bob Walters of the DSS, the original SSI One Stop Shop Program, as approved for Fiscal Year 1995-96, included professional services provided under contract by the Family Service Agency (FSA). Mr. Walters reports that the FSA contract includes social workers, psychologists, and a supervising psychologist, and these functions would be performed at lower cost by the newly created Health Worker III staff at the DSS and the Clinical Psychologist staff at the DPH, under the proposed reorganization.
- 3. The total amount of the supplemental appropriation is \$643,091. This sum is the revenue reduction of \$499,187 plus increased expenditures of \$143,904, which is counterbalanced

> by increased revenue of \$81,405 and reduced expenditures of \$561,686. The supplemental appropriation proposes no change in the General Fund support in the amount of \$922,251.

Recommendations: Approve the proposed supplemental appropriation ordinance (File 101-95-34) and the proposed amendment to the Annual Salary Ordinance (File 102-95-8).



#### Item 10 - File 82-95-4

Department:

Real Estate Department Water Department

**Public Utilities Commission** 

Item:

An Ordinance authorizing conveyance of an easement over a Water Department Right-of-Way in Santa Clara County pursuant to a settlement approved by the Public Utilities Commission and authorizing the Mayor and the Clerk of the Board to execute the deed conveying the easement as described in the Settlement Agreement.

Description:

The City and County of San Francisco (the City) and the Board of Trustees of the Leland J. Stanford, Jr. University, et al. (Stanford) have negotiated a Settlement Agreement which was approved by the City Public Utilities Commission (PUC), on July 11,1995, regarding the conveyance of a City-owned easement over the City's Water Department Right-of-Way in Santa Clara County. Pursuant to the settlement reached, the City will convey an easement to Stanford for existing uses and any future uses allowed under the Settlement Agreement.

The Settlement Agreement clarifies and elaborates the rights of Stanford under the Condemnation Decree noted in the following paragraph and has been reached in the case of City and County of San Francisco v. The Board of Trustees of the Leland J. Stanford, Jr. University, et al. In the case of the City v. Stanford, et al, the City claimed that Stanford's use of the Right-of-Way violated the original agreement and filed a Complaint for Declaratory Relief, Trespass, Ejectment, Slander of Title to Real Property, and Interference with Economic Relations.

The land over which the easement will be conveyed was obtained by the City under a Condemnation Decree dated November 21, 1952 and recorded on January 20, 1953. In exchange for such easement, Stanford will pay the City the sum of \$70,000 upon approval of the settlement of this agreement and an annual payment of \$17,500 for use of the easement.

A portion of the Right-of-Way is currently occupied by Lockheed. However, the portion of the Right-of-Way occupied by Lockheed is not used for any disallowed activities. If any portion of the Lockheed segment is converted to a non-permitted use, by Lockheed, Stanford will not be held liable

for payment on that portion of the Right-of-Way that is used by Lockheed. A formula stipulating how the annual payment is to be adjusted is included in the Settlement Agreement. Lockheed does not make any payments to the City at this time since there are currently no disallowed activities conducted on the Right-of-Way.

#### Comments:

- 1. Existing and future uses, allowed by Stanford on the easement, are specified in paragraphs one and two of the Grant of Easement Document and include such items as parking lots, tennis courts and access roads surfaced with materials that will permit the Water Department to access pipelines for repair and maintenance and do not pose any risk of damage to said pipelines, and agricultural uses. The Grant of Easement Document also states that the permitted uses shall be subordinate to the City's use of the surface of the Right-of-Way.
- 2. The Agreement states that an annual fee of \$17,500 shall be paid by Stanford to the City for each year in which any portion of the surface of the right of way is used. This fee shall be paid in advance and after the first five years shall be adjusted according to the San Francisco-Oakland-San Jose Metropolitan Area Consumer Price Index for all Urban Consumers. The Agreement further states that the compounding of the annual charges shall not exceed five percent in any given year.
- 3. Additionally, Stanford agreed to pay the City a one-time sum of \$70,000 as part of the settlement of the previously noted lawsuit. A check for \$70,000 has been received by the City from Stanford but, as specified in the Settlement Agreement between the City and Stanford, the City will not negotiate this check until the Agreement has been executed and all documents required to convey the easement have been recorded by the Santa Clara County Recorder.
- 4. The City obtained an appraisal on the property in question which determined that the rental value of the 79,640 square feet of property in question is \$4,968.37 per month or \$59,620.44 annually.
- 5. Mr. William Laws of the Water Department states that the \$70,000 one-time payment plus the \$17,500 negotiated annual fee that was stipulated in the Settlement Agreement is a fair and reasonable sum, based on the restrictions placed on the use of the Right-of-Way by the Water Department, for the conveyance of the easement by the City to Stanford. The

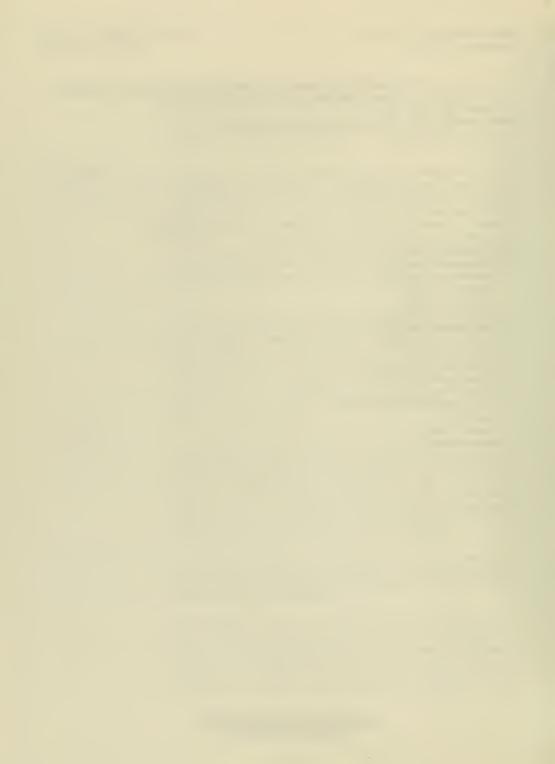
Real Estate Department concurs with Mr. Laws' assessment given that this was a negotiated settlement.

Recommendation: Approve the proposed ordinance.

Harvey M. Rose

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Supervisor Hsieh cc: Supervisor Kaufman Supervisor Bierman President Shelley Supervisor Alioto Supervisor Ammiano Supervisor Hallinan Supervisor Kennedy Supervisor Leal Supervisor Migden Supervisor Teng Clerk of the Board Chief Administrative Officer Controller Teresa Serata Robert Oakes Ted Lakev



BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308 San Francisco 94102-4532 554-5184

DECEMBER 20, 1995

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NOTICE OF CANCELLED MEETING
BUDGET COMMITTEE

NOTICE IS HEREBY given that the regularly scheduled meeting of the Budget Committee for Wednesday, December 27, 1995, at 1:00 p.m., has been cancelled. The next regular meeting is scheduled for Wednesday, January 3, 1996, at 1:00 p.m.

John L. Taylor

Clerk of the Board

POSTED: DECEMBER 20, 1995

